

WHITE CLOUD PUBLIC SCHOOLS
REPORT ON FINANCIAL STATEMENTS
JUNE 30, 2006

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2006

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134 WEST HARRIS STREET
CADILLAC, MICHIGAN 49601
231-775-9789
FAX: 231-775-9749

M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

Baird, Cotter and Bishop, P.C.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE,
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

July 26, 2006

INDEPENDENT AUDITORS' REPORT

To the Board of Education
White Cloud Public Schools
White Cloud, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of White Cloud Public Schools, White Cloud, Michigan, as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the White Cloud Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of White Cloud Public Schools, White Cloud, Michigan, as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2006, on our consideration of White Cloud Area Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages iii through ix and 24, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the White Cloud Public Schools, White Cloud, Michigan basic financial statements. The combining and individual fund financial statements and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

WHITE CLOUD PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2006

This section of White Cloud Public Schools' annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2006. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand White Cloud Public Schools financially as a whole. The *District-wide Financial Statements* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant funds - the General Fund, with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary net assets, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

Reporting the School District as a Whole - District-wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net assets - the difference between assets and liabilities, as reported in the statement of net assets - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net assets - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the school, to assess the overall health of the School District.

The statement of net assets and statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, supporting services, community services, athletics, and food services. Property taxes, unrestricted State Aid (foundation allowance revenue), and State and federal grants finance most of these activities.

WHITE CLOUD PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2006

Reporting the School District's Most Significant Funds - Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. The governmental funds of the School District use the following accounting approach:

Governmental funds - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

The School District as Trustee - Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The School District as a Whole

Recall that the statement of net assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets as of June 30, 2006 and 2005.

WHITE CLOUD PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2006

TABLE 1

	Governmental Activities	
	June 30, 2006	June 30, 2005
Assets		
Current assets	\$ 4,310,894	\$ 4,063,785
Capital assets - Net of accumulated depreciation	21,980,663	22,739,660
Total assets	<u>\$26,291,557</u>	<u>\$26,803,445</u>
Liabilities		
Current liabilities	\$ 3,569,751	\$ 3,320,442
Long-term liabilities	23,665,395	23,588,630
Total liabilities	<u>\$27,235,146</u>	<u>\$26,909,072</u>
Net Assets		
Invested in property and equipment - Net of related debt	\$ 1,097,742	\$ 1,005,869
Restricted	0	286,026
Unrestricted - (Deficit)	<u>(2,041,331)</u>	<u>(1,397,522)</u>
Total net assets - (Deficit)	<u>\$ (943,589)</u>	<u>\$ (105,627)</u>

The above analysis focuses on the net assets (see Table 1). The change in net assets (see Table 2) of the School District's governmental activities is discussed below. The School District's net assets were \$(943,589) at June 30, 2006. Capital assets, net of related debt totaling \$1,097,742 compares the original cost, less depreciation of the School District's capital assets to long-term debt used to finance the acquisition of those assets. The debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net assets are reported separately to show legal constraints from debt covenants and bond proceeds that limit the School District's ability to use those net assets for day-to-day operations. The remaining amount of net assets, totaling a deficit of \$(2,041,331) was unrestricted.

The \$(2,041,331) in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year, as well as amounts borrowed from the School Bond Loan Fund.

The results of this year's operations for the School District as a whole are reported in the statement of activities (see Table 2), which shows the changes in net assets for fiscal year 2006 and 2005.

WHITE CLOUD PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

TABLE 2

	<u>Governmental Activities</u>	
	<u>June 30,</u> <u>2006</u>	<u>June 30,</u> <u>2005</u>
Revenue		
Program revenue:		
Charges for Services	\$ 259,036	\$ 302,585
Grants and categoricals	2,174,409	2,299,546
General Revenue:		
Property taxes - Levied for General Purposes	1,218,620	1,147,783
Property taxes - Levied for Debt Service	1,215,591	1,148,156
Investment Earnings	60,040	38,319
State Sources	7,717,126	8,026,381
Other	297,656	117,221
Total revenue	<u>12,942,478</u>	<u>13,079,991</u>
Function/Program Expense		
Instruction	7,641,905	7,696,148
Support services	3,413,512	3,643,274
Food services	562,738	614,170
Athletic activities	177,820	163,851
Community services	833	27,255
Interest on long-term debt	941,675	1,030,816
Other transactions	171,405	31,651
Depreciation (unallocated)	870,552	888,870
Total expenses	<u>13,780,440</u>	<u>14,096,035</u>
Decrease in Net Assets	<u>\$ (837,962)</u>	<u>\$ (1,016,044)</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$13,780,440. Certain activities were partially funded from those who benefited from the programs. \$259,036 was paid for with charges for services. Other governments and organizations subsidized certain programs with grants and categoricals in the amount of \$2,174,409. We paid for the remaining "public benefit" portion of our governmental activities with \$2,434,211 in taxes, \$8,074,822 in State sources and with our other revenues, such as interest and general entitlements.

The School District experienced a decrease in net assets of \$837,962. Key reasons for the change in net assets were depreciation on capital assets and the borrowing from the School Bond Loan Fund in order to make our required payment of bond principal and interest because our bond principal and interest payments were more than the maximum we were allowed to levy from our debt millage. The decrease in net assets differs from the change in fund balance and a reconciliation appears on page 6.

WHITE CLOUD PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2006

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted State aid constitute the vast majority of School District operating revenue sources, the Board of Education and Administration must annually evaluate the needs of the School District and balance those needs with State-prescribed available unrestricted resources.

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$1,774,293, which is an increase of \$3,703 from last year. In the General Fund, our principal operating fund, the fund balance increased \$5,453 to \$816,910.

- Our Special Revenue Funds remained fairly stable from the prior year, showing a net increase of approximately \$6,353.
- Combined, the Debt Service Funds showed a fund balance increase of approximately \$277,923. Millage rates are at the State imposed maximum of 8.25 mills. Millage rates will continue to be levied at the maximum allowed by law for many more years. In addition to this property tax levy, the District will continue to borrow from the State of Michigan through the School Bond Loan Fund in order to accumulate sufficient resources to pay annual bond issue-related debt service. Debt Service Funds fund balances are reserved since they can only be used to pay debt service obligations.
- The combined Capital Projects Funds fund balance decreased due to the School reimbursing the General Fund for Energy Conservation expenditures.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements. Changes to the General Fund original budget were as follows:

- Budgeted revenues were increased \$49,238 to account for an increase in anticipated contributions.
- Budgeted expenditures were increased \$31,963 to account for an increase in anticipated expenditures.
- There are not significant variances between the final budget and actual amounts.

WHITE CLOUD PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

Capital Asset and Debt Administration

Capital Assets

At June 30, 2006, the School District had \$29,133,016 invested in a broad range of capital assets. This amount represents a net decrease (including additions and disposals) of approximately \$12,513.

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Assets not being depreciated				
Land	\$ 177,656	\$ 0	\$ 0	\$ 177,656
Construction in progress	0	102,636	0	102,636
	<u>177,656</u>	<u>102,636</u>	<u>0</u>	<u>280,292</u>
Other capital assets:				
Land improvements	609,418	22,741	0	632,159
Buildings and additions	20,445,343	0	0	20,445,343
Furniture and equipment	5,670,563	5,940	60,000	5,616,503
Textbooks and library books	494,322	16,238	0	510,560
Other vehicles	137,266	0	0	137,266
Buses	1,610,961	0	100,068	1,510,893
	<u>28,967,873</u>	<u>44,919</u>	<u>160,068</u>	<u>28,852,724</u>
Subtotal	28,967,873	44,919	160,068	28,852,724
Accumulated depreciation	<u>6,405,869</u>	<u>(870,552)</u>	<u>(124,068)</u>	<u>(7,152,353)</u>
Net other capital assets	<u>22,562,004</u>	<u>(825,633)</u>	<u>36,000</u>	<u>21,700,371</u>
Net capital assets	<u>\$ 22,739,660</u>	<u>\$ (722,997)</u>	<u>\$ 36,000</u>	<u>\$ 21,980,663</u>

The year's additions were \$147,555.

Long-term Debt

At the end of this year, the School District had \$24,869,369 in long-term debt outstanding versus \$24,411,713 in the previous year. The majority of this debt consists of bonds payable of \$21,148,106.

The School District's Bond rating continues to be equivalent to the State's credit rating. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt is significantly below the statutorily imposed limit.

WHITE CLOUD PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2006

Other obligations include amounts borrowed from the School Bond Loan Fund of \$2,451,356, employee compensated absences and retirement contracts estimated at \$1,025,072, and other smaller amounts of obligations such as contracts payable and accrued interest on various debt.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2006-2007 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2006-2007 fiscal year is 25 percent and 75 percent of the February 2006 and September 2006 student counts, respectively. The 2006-2007 fiscal year budget was adopted in June 2006, based on an estimate of students that will be enrolled in September 2006. Under State law, the School District cannot assess additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2006-2007 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2006-2007 fiscal year budget. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts.

- As with other employers, the District continues to face a rapid increase in rates paid for employee benefits, particularly for health insurance. Also, the number of state-wide school district employees projected to retire over the next few years are resulting in higher annual retirement rate increases.
- Employee wages and related fringe benefits represent approximately 80-90% of the District's total General Fund expenditures, staffing levels will have a significant impact on the near-term future of the District.

At June 30, 2006, the District continues various contract negotiations with its employees. The outcome of the negotiations could greatly affect the future of the district.

Contacting the School District's Financial Management

This financial report is designed to provide the School District's citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Department, 555 Wilcox Street, White Cloud, Michigan 49349.

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2006

ASSETS

	GOVERNMENTAL ACTIVITIES
<u>CURRENT ASSETS</u>	
Cash	\$ 2,557,438
Taxes Receivable	47,675
Accounts Receivable	10,235
Due from Other Governmental Units	1,680,316
Prepaid Expenses	4,438
Inventory	8,492
Investments	2,300
Total Current Assets	4,310,894
<u>NON CURRENT ASSETS</u>	
Capital Assets	29,133,016
Less Accumulated Depreciation	(7,152,353)
Total Non Current Assets	21,980,663
TOTAL ASSETS	\$ 26,291,557
	<u>LIABILITIES AND NET ASSETS</u>
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$ 345,594
Accrued Expenses	403,396
Accrued Interest Payable	155,474
Due to Other Governmental Units	270,094
Deferred Revenue	88,615
Salaries Payable	644,319
State Aid Anticipation Note	775,000
Current Portion of Non Current Liabilities	887,259
Total Current Liabilities	3,569,751
<u>NON CURRENT LIABILITIES</u>	
Bonds Payable (Net of Deferred Charges)	20,638,086
School Bond Loan Fund Loan	2,451,356
Contracts Payable	244,835
Compensated Absences and Retirement Contracts	1,025,072
Accrued Interest on School Bond Loan Fund	193,305
Less Current Portion of Non Current Liabilities	(887,259)
Total Non Current Liabilities	23,665,395
Total Liabilities	27,235,146
<u>NET ASSETS</u>	
Invested in Capital Assets Net of Related Debt	1,097,742
Unrestricted - (Deficit)	(2,041,331)
Total Net Assets - (Deficit)	(943,589)
TOTAL LIABILITIES AND NET ASSETS	\$ 26,291,557

The notes to the financial statements are an integral part of this statement.

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2006

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		GOVERNMENTAL
		CHARGES FOR	OPERATING	ACTIVITIES
		SERVICES	GRANTS	NET (EXPENSES)
				REVENUES AND
				CHANGE IN
				NET ASSETS
<u>GOVERNMENTAL ACTIVITIES</u>				
Instruction				
Basic Programs	\$ 5,401,287	\$ 4,100	\$ 161,715	\$ (5,235,472)
Added Needs	2,240,618	0	1,572,840	(667,778)
Supporting Services				
Pupil	424,613	0	0	(424,613)
Instructional Staff	181,121	0	42,469	(138,652)
General Administration	290,544	0	0	(290,544)
School Administration	624,210	0	0	(624,210)
Business	195,941	0	0	(195,941)
Operation and Maintenance of Plant	921,949	0	0	(921,949)
Pupil Transportation Services	741,324	41,507	0	(699,817)
Support Service Technology	33,810	0	0	(33,810)
Food Service	562,738	183,258	397,385	17,905
Athletic Activities	177,820	30,171	0	(147,649)
Community Services	833	0	0	(833)
Interest on Long Term Debt	941,675	0	0	(941,675)
Other Transactions	171,405	0	0	(171,405)
Unallocated Depreciation	870,552	0	0	(870,552)
Total Governmental Activities	\$ 13,780,440	\$ 259,036	\$ 2,174,409	(11,346,995)
<u>GENERAL REVENUES</u>				
Property Taxes - Levied for General Purposes				1,218,620
Property Taxes - Levied for Debt Service				1,215,591
Investment Earnings				60,040
State Sources				7,717,126
Other				297,656
Total General Revenues				10,509,033
Change in Net Assets				(837,962)
<u>NET ASSETS</u> - Beginning of Year - (Deficit)				(105,627)
<u>NET ASSETS</u> - End of Year - (Deficit)				\$ (943,589)

The notes to the financial statements are an integral part of this statement.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2006

	GENERAL FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>			
Cash	\$ 1,806,576	\$ 750,862	\$ 2,557,438
Taxes Receivable	32,429	15,246	47,675
Accounts Receivable	10,235	0	10,235
Due from Other Funds	0	247,520	247,520
Due from Other Governmental Units	1,680,316	0	1,680,316
Prepaid Expenditures	4,438	0	4,438
Inventory	0	8,492	8,492
Investments	2,300	0	2,300
TOTAL ASSETS	\$ 3,536,294	\$ 1,022,120	\$ 4,558,414
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 296,713	\$ 48,881	\$ 345,594
Due to Other Funds	237,819	9,701	247,520
Due to Other Governmental Units	263,939	6,155	270,094
State Aid Anticipation Note	775,000	0	775,000
Salaries Payable	644,319	0	644,319
Accrued Expenses	403,396	0	403,396
Deferred Revenue	98,198	0	98,198
Total Liabilities	2,719,384	64,737	2,784,121
<u>FUND BALANCES</u>			
Reserved for Inventory, Special Revenue Fund	0	8,492	8,492
Reserved for Debt Service, Debt Service Fund	0	726,517	726,517
Reserved for Prepaid Expenditures, General Fund	4,438	0	4,438
Designated for Special Purposes, General, Special Revenue Funds	180,499	222,374	402,873
Unreserved, Undesignated	631,973	0	631,973
Total Fund Balances	816,910	957,383	1,774,293
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,536,294	\$ 1,022,120	\$ 4,558,414

The notes to the financial statements are an integral part of this statement.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS

JUNE 30, 2006

Total Governmental Fund Balances	\$	1,774,293
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Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities are not financial resources
and are not reported in the funds.

The cost of the capital assets is	29,133,016	
Accumulated depreciation is	<u>(7,152,353)</u>	21,980,663

Long term liabilities are not due and payable in the current period and are
not reported in the funds.

Bonds Payable		(21,148,106)
School Bond Loan Fund Loan		(2,451,356)
Compensated Absences		(1,025,072)
Contracts Payable		(244,835)

Accrued interest is not included as a liability in governmental funds, it is recorded when paid.	(348,779)
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Bond discounts and issuance costs for bonds issued after June 30, 2002 are expenditures at the modified accrual fund level, but are capitalized and written off over the life of the bonds payable at the district wide full accrual level.	510,020
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Balance of taxes receivable at June 30, 2006, expected to be collected after September 1, 2006.	<u>9,583</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES - (DEFICIT)	<u><u>\$ (943,589)</u></u>
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The notes to the financial statements are an integral part of this statement.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006

	GENERAL FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>			
Local Sources	\$ 1,532,605	\$ 1,483,809	\$ 3,016,414
State Sources	8,529,579	89,639	8,619,218
Federal Sources	866,494	361,865	1,228,359
Other Transactions	75,835	0	75,835
Total Revenues	11,004,513	1,935,313	12,939,826
<u>EXPENDITURES</u>			
Instruction			
Basic Programs	5,159,405	0	5,159,405
Added Needs	2,214,606	0	2,214,606
Supporting Services			
Pupil	421,679	0	421,679
Instructional Staff	189,876	0	189,876
General Administration	289,419	0	289,419
School Administration	622,157	0	622,157
Business	195,433	0	195,433
Operation and Maintenance of Plant	1,024,585	0	1,024,585
Pupil Transportation Services	742,859	0	742,859
Support Service Technology	33,810	0	33,810
Food Service	0	568,978	568,978
Athletic Activities	0	177,820	177,820
Community Services	833	0	833
Capital Outlay	0	42,800	42,800
Debt Service			
Principal	0	721,228	721,228
Bond Issuance Costs	0	68,660	68,660
Interest and Fiscal Charges	0	872,705	872,705
Other Transactions	251,109	2,798	253,907
Total Expenditures	11,145,771	2,454,989	13,600,760
Excess (Deficiency) of Revenues			
Over Expenditures	(141,258)	(519,676)	(660,934)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)	144,059	(144,059)	0
Issuance of Debt	0	7,190,000	7,190,000
Bond Premium	0	110,901	110,901
Payment to Refunding Bond Escrow Agent	0	(7,202,404)	(7,202,404)
Sale of Fixed Assets	2,652	0	2,652
Loan Proceeds	0	563,488	563,488
Total Other Financing Sources (Uses)	146,711	517,926	664,637
Net Change in Fund Balance	5,453	(1,750)	3,703
<u>FUND BALANCE</u> - Beginning of Year	811,457	959,133	1,770,590
<u>FUND BALANCE</u> - End of Year	\$ 816,910	\$ 957,383	\$ 1,774,293

The notes to the financial statements are an integral part of this statement.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2006

Net change in Fund Balances Total Governmental Funds	\$	3,703
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Amounts reported for governmental activities are different because:

Governmental funds report capital outlay as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense		(870,552)
Capital Outlay		147,555
Disposal of Capital Lease which was converted to an Operating Lease		(36,000)

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued Interest Payable - Beginning of Year		281,632
Accrued Interest Payable - End of Year		(348,779)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available.

School Bond Loan Fund Proceeds		(563,488)
Issuance of debt		(7,190,000)
Defeasance of debt		6,690,000
Bond premium		(110,901)
Bond issuance cost on refunding		68,660
Bond deferred loss on refunding		512,404
Repayment of bond principal		796,228
Principal Paid on Long-Term Debt		112,507
Bond Discount and Issuance Costs Amortization		(28,028)

Accumulated Sick Pay and Retirement Buyout is reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Accumulated Sick Pay - Beginning of Year		722,169
Accumulated Sick Pay - End of Year		(844,573)
Retirement Buyout - Beginning of Year		0
Retirement Buyout - End of Year		(180,499)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in personal property tax revenue deferred using the modified accrual method		<u>0</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u><u>(837,962)</u></u>
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The notes to the financial statements are an integral part of this statement.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

JUNE 30, 2006

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash	<u>\$ 67,002</u>
<u>LIABILITIES AND NET ASSETS</u>	
<u>LIABILITIES</u>	
Due to Groups and Organizations	\$ 67,002
<u>NET ASSETS</u>	<u>0</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 67,002</u>

The notes to the financial statements are an integral part of this statement.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the White Cloud Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The School District is located in Newaygo County with its administrative offices located in White Cloud, Michigan. The District operates under an elected 7-member board of education and provides services to its 1,340 students in elementary, middle school, high school, special education instruction, guidance, health, transportation, food service, and athletics. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement No. 14.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net assets, the governmental activities column is presented on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District first utilizes restricted resources to finance qualifying activities.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, and charges, etc.). The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues).

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental Funds - Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following major governmental fund:

The *GENERAL FUND* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Other Non-major Funds

The *SPECIAL REVENUE FUNDS* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service, and athletic activities in the special revenue funds.

The *DEBT SERVICE FUNDS* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *CAPITAL PROJECT FUNDS* account for the financial resources to be used for the acquisition of fixed assets or construction of major capital projects.

Fiduciary funds

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *AGENCY FUND* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

C. Measurement Focus, Basis of Accounting and Basis of Presentation

Accrual Method

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual Method

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2006, the foundation allowance was based on pupil membership counts taken in February and September of 2005. For fiscal year ended June 30, 2006, the per pupil foundation allowance was \$6,875 for White Cloud Public Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

October 2005 to August 2006. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

D. Other Accounting Policies

1. Cash and Investments

Cash includes amounts in demand deposits.

Investments are carried at market value.

State statutes authorize the School District to invest in funds as follows:

- (a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States Government.
- (b) Certificates of deposit issued by a state or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this state.
- (c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- (d) Securities issued or guaranteed by agencies or instrumentalities of the United States.
- (e) United States government or federal agency obligation repurchase agreements.
- (f) Bankers' acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation (FDIC).
- (g) Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- (h) Investment pools, as authorized by the Surplus Funds Investment Pool Act, Act No. 367 of the Public Acts of 1982, being sections 129.111 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district.

The School's deposits and investments are held separately by several of the School District's funds.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are assessed as of January 1 and are billed as of December 1. The due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. Property taxes are recognized as revenue to the extent that they represent current receivables at year end.

For the year ended June 30, 2006, the District levied the following amounts per \$1,000 of taxable valuation:

Fund	Mills
General Fund - Non-homestead	18.000
2003 Refunding Debt Retirement Fund - Homestead and non-homestead	0.858
2000 Refunding Debt Retirement Fund - Homestead and non-homestead	2.771
2001 Series A Debt Retirement Fund - Homestead and non-homestead	2.965
2001 Series B Debt Retirement Fund - Homestead and non-homestead	0.403
2005 Refunding Debt Retirement Fund - Homestead and non-homestead	1.253

4. Inventories and Prepaid Expenditures

Inventory is valued at cost. In the General Fund, the School District considers all supplies to be consumed when acquired and any inventories on hand are considered to be immaterial. The food service inventory consists of U.S.D.A. commodities and other food products held for consumption. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the estimated useful life of the improvements. Land is not depreciated and construction in progress is not depreciated until the underlying assets are placed in service upon completion of the project. At

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

that time, the asset costs are reclassified out of construction in progress and into the appropriate depreciable category.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings, additions and improvements	20-50 years
Furniture, vehicles and equipment	5-15 years

The District's capitalization policy is to capitalize individual amounts exceeding \$5,000 and aggregate purchases of similar items purchased at the same time, such as textbooks for a classroom.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. The District has opted to apply the provisions of GASB 34 paragraph 146 which allows the amortization of premiums, discounts and bond issuance costs to be applied prospectively for all bonds issued after July 1, 2002.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Fund Balance

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Reservations of fund balance are for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

8. Use of Estimates

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue, and debt funds.

Encumbrance accounting is employed in governmental funds. Encumbrance accounting (e.g., purchase orders, contracts) lapse at year-end and do not constitute expenditures or liabilities because the commitments will generally be reappropriated and honored during the subsequent year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The business manager submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financial sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated.
 1. The business manager is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their budgetary responsibilities.
 2. During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
 3. Budgeted amounts are as originally adopted on June 27, 2005, or as amended by the School Board of Education on January 9, 2006, and June 26, 2006.

B. Excess of Expenditures Over Appropriations

Excess of expenditures over appropriations occurred in the following funds:

School Service Funds - Food Service Fund expenditures of \$568,978 exceeded appropriations of \$535,738 by \$33,240. Athletic Activities Fund expenditures of \$177,820 exceeded appropriations of \$175,249 by \$2,571. Excess was funded by available fund balance for Food Service Fund and transfer in for Athletic Activities Fund.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The District's deposits and investments are all on deposit with Independent Bank - West Michigan, Valley Ridge Bank, and Michigan School District Liquid Asset Fund Plus.

Investment rate risk. The District will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the District's cash requirement.

Foreign currency risk. The District is not authorized to invest in investments, which have this type of risk.

Credit risk. The District will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the District will do business in accordance with the District's investment policy.

Concentration of credit risk. The District will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the district's deposits may not be returned to it. As of June 30, 2006, \$1,961,145 of the district's bank balance of \$2,667,148 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or the District's agent in the District's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the District's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the District's name. At year end, all of the District's investments were uncategorized as to risk.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Balance sheet classifications:

	Statement of Net Assets	Statement of Fiduciary Net Assets	Total
Cash	\$2,557,438	\$ 67,002	\$2,624,440
Investment Trust Funds	2,300	0	2,300
	<u>\$2,559,738</u>	<u>\$ 67,002</u>	<u>\$2,626,740</u>

The District invests certain excess funds in the Michigan Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of “qualified” investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports that as of June 30, 2006, the fair value of the District’s investments is the same as the value of the pool shares.

B. Receivables

Receivables as of year end for the government’s individual major funds and nonmajor, and fiduciary funds in the aggregate; including the applicable allowances for uncollectible accounts, are as follows:

	General	Nonmajor and Other Funds	Total
Receivables			
Taxes	\$ 32,429	\$ 15,246	\$ 47,675
Accounts	10,235	0	10,235
Due from Other Governments	1,680,316	0	1,680,316
Total Receivables	<u>\$1,722,980</u>	<u>\$ 15,246</u>	<u>\$1,738,226</u>

The allowance for doubtful accounts is not considered to be material for disclosure.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Property Taxes	\$ 9,583	\$ 0
Grant Receipts Received, But Not Yet Utilized	\$ 0	\$ 88,615

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

C. Capital Assets

A summary of changes in the District's capital assets follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Assets not being depreciated				
Land	\$ 177,656	\$ 0	\$ 0	\$ 177,656
Construction in progress	0	102,636	0	102,636
	<u>177,656</u>	<u>102,636</u>	<u>0</u>	<u>280,292</u>
Other capital assets:				
Land Improvements	609,418	22,741	0	632,159
Buildings and Additions	20,445,343	0	0	20,445,343
Furniture and Equipment	5,670,563	5,940	60,000	5,616,503
Textbooks and Library Books	494,322	16,238	0	510,560
Other Vehicles	137,266	0	0	137,266
Buses	1,610,961	0	100,068	1,510,893
	<u>28,967,873</u>	<u>44,919</u>	<u>160,068</u>	<u>28,852,724</u>
Subtotal				
	<u>28,967,873</u>	<u>44,919</u>	<u>160,068</u>	<u>28,852,724</u>
Less Accumulated Depreciation for:				
Land Improvements	226,409	20,314	0	246,723
Buildings and Additions	2,401,291	349,528	0	2,750,819
Furniture and Equipment	2,376,605	295,025	24,000	2,647,630
Textbooks and Library Books	322,400	59,329	0	381,729
Other Vehicles	106,566	7,864	0	114,430
Buses	972,598	138,492	100,068	1,011,022
	<u>6,405,869</u>	<u>870,552</u>	<u>124,068</u>	<u>7,152,353</u>
Accumulated depreciation				
	<u>6,405,869</u>	<u>870,552</u>	<u>124,068</u>	<u>7,152,353</u>
Net other capital assets	<u>22,562,004</u>	<u>(825,633)</u>	<u>36,000</u>	<u>21,700,371</u>
Net capital assets	<u>\$ 22,739,660</u>	<u>\$ (722,997)</u>	<u>\$ 36,000</u>	<u>\$ 21,980,663</u>

Depreciation for the fiscal year ended June 30, 2006 amounted to \$870,552. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

D. Short-Term Debt

On August 19, 2005, the District issued a State Aid Note in the amount of \$775,000. The note matures on August 18, 2006, with interest at 2.92%. The District has pledged its future State Aid revenue for

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

payment of this liability at maturity. On August 19, 2005, the District repaid the prior year state aid borrowing of \$465,000 plus interest.

E. Long-Term Debt

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of the long-term debt transactions for the School District for the year ended June 30, 2006:

	SCHOOL BOND LOAN FUND LOAN	COPY MACHINE CONTRACTS	BUS LOAN	BONDS	ACCUMULATED UNPAID COMPENSATED ABSENCES AND RETIREMENT CONTRACTS	TOTAL
Debt Payable at						
Beginning of Year	\$1,887,868	\$ 36,493	\$ 320,849	\$21,444,334	\$ 722,169	\$ 24,411,713
Increase in Debt	563,488	0	0	7,190,000	313,492	8,066,980
Debt Retired	0	(36,493)	(76,014)	(7,486,228)	(10,589)	(7,609,324)
DEBT PAYABLE						
END OF YEAR	2,451,356	0	244,835	21,148,106	1,025,072	24,869,369
Less Current Portion	0	0	(78,712)	(808,547)	0	(887,259)
Net Long-Term DEBT	<u>\$2,451,356</u>	<u>\$ 0</u>	<u>\$ 166,123</u>	<u>\$20,339,559</u>	<u>\$ 1,025,072</u>	<u>\$ 23,982,110</u>

At June 30, 2006, the School's general long-term debt consisted of the following issues:

School Bond Loan Fund loan beginning April 26, 2002. This is a loan from the State of Michigan pursuant to P.A. 108 of 1961. The District's debt retirement millage is limited to 8.25 mills. As long as the tax revenue from this millage is insufficient to make current debt service payments on the District's bonds, additional loans can be obtained in amounts sufficient to make bond and interest payments. No payments are due on the School Bond Loan Fund loan or accrued interest until such time as tax revenues exceed bond debt service requirements. Interest rates on these loans are variable, the rate at June 30, 2006 was 4.68%, and the accrued interest was \$193,305, which is not included in the total.

\$ 2,451,356

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WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Bus Loan due in 6 annual payments of \$87,400, including interest at 3.50% each December 17 through 2008 for the purpose of purchasing 8 school buses.	244,835
\$3,950,000 2003 Refunding Bonds Due in Annual Installments of \$50,000 to \$710,000 through May 1, 2020; Interest at 2.15% to 5.200%	3,800,000
\$163,312 1998 School Improvement Bonds (Durant Bonds) Due in Annual Installments of \$11,466 to \$11,469 through May 15, 2013; Interest at 4.287%	68,106
\$5,820,000 2000 Refunding Bonds Due in Annual Installments of \$690,000 to \$730,000 through May 1, 2015; Interest at 5.150% to 5.200%	4,670,000
\$12,235,000 2001 School Building and Site Bonds Series A Due in Annual Installments of \$325,000 to \$500,000 through May 1, 2031; Interest at 4.100% to 5.125%	4,125,000
\$1,000,000 2001 School Building and Site Bonds Series B Qualified Zone Academy Bonds Due in one payment of \$1,000,000 on May 1, 2015. The interest rate on the bonds is 0%; however, the principal amount outstanding under these bonds will bear a tax credit of 6.78% to the eligible holder in accordance with Section 1397E of the Internal Revenue Code of 1986, as amended. As a condition of the bond covenant, the issuer must deposit annually through May 1, 2015, \$58,526 into a set aside restricted savings account bearing a 3% guaranteed annual rate of return. The funds deposited into this set aside account bearing interest at 3% will accumulate to \$1,000,000 by May 1, 2015 and can only be used to redeem the outstanding bonds. The district has complied with this covenant and at June 30, 2006 is treating \$310,783 of cash as restricted on the 2001 Debt Retirement Fund Series B Balance Sheet.	1,000,000
\$400,000 2005 Energy Conservation Improvement Bonds Due in Annual Installments of \$75,000 to \$85,000 through May 1, 2010; Interest at 2.90% to 3.50%	325,000
\$7,190,000 2005 Refunding Bonds Due in Annual Installments of \$30,000 to \$500,000 through May 1, 2026; Interest at 3.500% to 5.000%	7,160,000
Accumulated Unpaid Compensated Absences and Retirement Contracts	<u>1,025,072</u>
	\$ <u><u>24,869,369</u></u>

The annual requirements to amortize all general long-term debt outstanding except compensated absences and retirement and the School Bond Loan Fund loan as of June 30, 2006, are as follows:

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

YEAR ENDING JUNE 30,	CONTRACTS PAYABLE		BONDS PAYABLE		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2007	\$ 78,712	\$ 8,688	\$ 729,835	\$ 885,684	\$ 1,702,919
2008	81,505	5,895	777,410	854,958	1,719,768
2009	84,617	3,011	829,680	821,928	1,739,236
2010	0	0	959,696	785,724	1,745,420
2011	0	0	930,111	743,506	1,673,617
2012-2016	0	0	5,646,540	2,968,486	8,615,026
2017-2021	0	0	5,130,000	1,692,210	6,822,210
2022-2026	0	0	2,400,000	939,353	3,339,353
2027-2031	0	0	2,500,000	384,375	2,884,375
	<u>\$ 244,834</u>	<u>\$ 17,594</u>	<u>\$19,903,272</u>	<u>\$10,076,224</u>	<u>\$30,241,924</u>

The annual requirements to amortize the accumulated unpaid compensated absences and retirement and the School Bond Loan Fund loan are not included above because it is unknown when they will actually be paid.

F. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables as shown in the individual fund financial statements at June 30, 2006, were:

	INTERFUND RECEIVABLES	INTERFUND PAYABLE
General Fund	\$ 0	\$ 237,819
Food Service Fund	15,602	0
2000 Debt Retirement Fund	50,255	1,839
2001 Debt Retirement Fund Series A	103,537	0
2001 Debt Retirement Fund Series B	2,258	7,862
2001 Capital Projects Fund Series A	46,859	0
2003 Debt Retirement Fund	24,507	0
2005 Debt Retirement Fund	4,502	0
	<u>\$ 247,520</u>	<u>\$ 247,520</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Interfund transfers are as shown in the individual fund financial statements at June 30, 2006, were:

	TRANSFERS IN	TRANSFERS OUT
General Fund	\$ 400,161	\$ 256,102
School Service Fund - Athletic Activities Fund	141,967	0
2001 Capital Projects Fund Series A	114,135	0
2005 Energy Conservation Capital Projects Fund	0	400,661
	<u>\$ 656,263</u>	<u>\$ 656,763</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.

G. Leases

Operating Leases – The District is committed under various noncancelable leases for office equipment. The leases are operating leases with no contingent lease payments. The equipment may be purchased at the end of the lease for fair market value. For the year ended June 30, 2006, rental expenditures were \$2,245. Future minimum lease payments are as follows:

<u>YEAR ENDED JUNE 30,</u>	<u>AMOUNT</u>
2007	\$ 21,435
2008	21,435
2009	21,435
2010	21,435
2011	17,862

NOTE 4 - OTHER INFORMATION

A. Employee Retirement System

Plan Description. The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the nine member board of MPERS. The MPERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPERS was established by Act 136 of 1945 and operated under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909 or by calling (517) 322-5103.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Funding Policy - Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPSERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rates for the year ended June 30, 2005, were 14.87% of payroll through September 30, 2005, and 16.34% effective October 1, 2005. The contribution requirements of plan members and the District are established and may be amended by the MPSERS Board of Trustees. The District contributions to MPSERS for the year ended June 30, 2006, 2005, and 2004 were \$1,027,071, \$960,586 and \$970,222 respectively, and were equal to the required contribution for those years.

The District is not responsible for the payment of retirement benefits which is the responsibility of the State of Michigan.

Other Post Employment Benefits Funding Policy

Under the MPSERS Act, all retirees have the option of continuing health, dental and vision coverage.

B. Single Audit Report

The School District is required to have an audit performed in accordance with the guidelines of the Single Audit Act of 1984, as amended. This audit has been performed and the reports based thereon have been issued under separate cover.

C. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2006 or any of the prior three years.

D. 2005 Refunding Bonds

On July 6, 2005, the District issued \$7,190,000 in General Obligation Bonds with interest rates of 3.50% to 5.00% to advance refund \$6,690,000 of outstanding 2001A Series Bonds with interest rates of 4.100% to 5.500%. As a result \$6,690,000 of the 2001A Series Bonds are considered to be defeased and the liability for those bonds will be removed from the non current liabilities of the District.

The District advance refunded a portion of the 2001A bond issue to reduce its total future debt service payments by \$351,966 and resulted in an economic gain of \$281,462. Additionally, it is estimated these refunding bonds will save \$233,172 of interest that will not have to be paid to the School Bond Loan Fund.

E. Restrictions on Cash

The District has bond provisions that require it to set aside amounts each year in the 2001 B Debt Retirement Fund to accumulate funds for bond retirement. At June 30, 2005 and 2006, the amount of cash in the fund which was restricted was \$244,910 and \$310,783 respectively.

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2006

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources	\$ 1,413,864	\$ 1,534,094	\$ 1,532,605
State Sources	8,565,059	8,547,701	8,529,579
Federal Sources	948,436	864,467	866,494
Other Transactions	45,500	75,835	75,835
Total Revenues	<u>10,972,859</u>	<u>11,022,097</u>	<u>11,004,513</u>
<u>EXPENDITURES</u>			
Instruction			
Basic Programs	5,184,761	5,185,928	5,159,405
Added Needs	2,503,718	2,248,087	2,214,606
Supporting Services			
Pupil	184,886	423,131	421,679
Instructional Staff	150,029	198,077	189,876
General Administration	352,971	300,183	289,419
School Administration	652,750	633,393	622,157
Business	413,191	186,331	195,433
Operation and Maintenance of Plant	924,737	1,058,106	1,024,585
Pupil Transportation Services	783,254	761,117	742,859
Support Service Technology	25,000	35,020	33,810
Community Services	0	0	833
Other Transactions	41,500	219,387	251,109
Total Expenditures	<u>11,216,797</u>	<u>11,248,760</u>	<u>11,145,771</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(243,938)</u>	<u>(226,663)</u>	<u>(141,258)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)	(115,748)	141,027	144,059
Sale of Fixed Assets	13,000	2,652	2,652
Total Other Financing Sources (Uses)	<u>(102,748)</u>	<u>143,679</u>	<u>146,711</u>
Net Change in Fund Balance	(346,686)	(82,984)	5,453
<u>FUND BALANCE</u> - Beginning of Year	<u>886,027</u>	<u>811,457</u>	<u>811,457</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 539,341</u>	<u>\$ 728,473</u>	<u>\$ 816,910</u>

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2006

	SPECIAL REVENUE FUNDS	DEBT RETIREMENT	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash	\$208,631	\$ 542,068	\$ 163	\$ 750,862
Taxes Receivable	0	15,246	0	15,246
Due from Other Funds	15,602	185,059	46,859	247,520
Inventory	8,492	0	0	8,492
TOTAL ASSETS	<u>\$232,725</u>	<u>\$ 742,373</u>	<u>\$ 47,022</u>	<u>\$ 1,022,120</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,859	\$ 0	\$ 47,022	\$ 48,881
Due to Other Funds	0	9,701	0	9,701
Due to Other Governments	0	6,155	0	6,155
Total Liabilities	<u>1,859</u>	<u>15,856</u>	<u>47,022</u>	<u>64,737</u>
<u>FUND BALANCES</u>				
Reserved for Inventory	8,492	0	0	8,492
Reserved for Debt Service	0	726,517		726,517
Unreserved				
Designated for:				
Food Service	207,273	0	0	207,273
Athletic Activities	15,101	0	0	15,101
Total Fund Balances	<u>230,866</u>	<u>726,517</u>	<u>0</u>	<u>957,383</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$232,725</u>	<u>\$ 742,373</u>	<u>\$ 47,022</u>	<u>\$ 1,022,120</u>

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2006

	SPECIAL REVENUE FUNDS	DEBT RETIREMENT	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Local Sources	\$ 213,799	\$ 1,227,210	\$ 42,800	\$ 1,483,809
State Sources	35,520	54,119	0	89,639
Federal Sources	361,865	0	0	361,865
Total Revenues	611,184	1,281,329	42,800	1,935,313
<u>EXPENDITURES</u>				
Food Service	568,978	0	0	568,978
Athletic Activities	177,820	0	0	177,820
Capital Outlay	0	0	42,800	42,800
Debt Service				
Principal	0	721,228	0	721,228
Bond Issuance Costs	0	68,660	0	68,660
Interest and Fiscal Charges	0	872,705	0	872,705
Other Expenses	0	2,798	0	2,798
Total Expenditures	746,798	1,665,391	42,800	2,454,989
Excess (Deficiency) of Revenues Over Expenditures	(135,614)	(384,062)	0	(519,676)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In (Out)	141,967	0	(286,026)	(144,059)
Issuance of Debt	0	7,190,000	0	7,190,000
Bond Premium	0	110,901	0	110,901
Payment to Refunding Bond Escrow Agent	0	(7,202,404)	0	(7,202,404)
Loan Proceeds	0	563,488	0	563,488
Total Other Financing Sources (Uses)	141,967	661,985	(286,026)	517,926
Net Change in Fund Balance	6,353	277,923	(286,026)	(1,750)
<u>FUND BALANCE</u> - Beginning of Year	224,513	448,594	286,026	959,133
<u>FUND BALANCE</u> - End of Year	\$ 230,866	\$ 726,517	\$ 0	\$ 957,383

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2006	2005
<u>ASSETS</u>		
Cash	\$ 1,806,576	\$ 1,680,557
Taxes Receivable	32,429	30,491
Accounts Receivable	10,235	0
Due from Other Governmental Units	1,680,316	1,852,181
Prepaid Expenditures	4,438	2,975
Investments	2,300	2,212
TOTAL ASSETS	<u>\$ 3,536,294</u>	<u>\$ 3,568,416</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 296,713	\$ 198,419
Salaries Payable	644,319	703,050
State Aid Anticipation Note Payable	775,000	465,000
Due to Other Funds	237,819	743,009
Due to Other Governments	263,939	166,928
Accrued Expenses	403,396	407,591
Deferred Revenue	98,198	72,962
Total Liabilities	<u>2,719,384</u>	<u>2,756,959</u>
<u>FUND BALANCE</u>		
Reserved for Prepaid Expenditures	4,438	2,975
Unreserved		
Designated for Retirement Payouts	180,499	0
Undesignated	631,973	808,482
Total Fund Balance	<u>816,910</u>	<u>811,457</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 3,536,294</u>	<u>\$ 3,568,416</u>

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

	2006		2005
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Local Sources	\$1,534,094	\$1,532,605	\$1,348,279
State Sources	8,547,701	8,529,579	8,942,180
Federal Sources	864,467	866,494	897,125
Other Transactions	75,835	75,835	84,209
Total Revenues	11,022,097	11,004,513	11,271,793
<u>EXPENDITURES</u>			
Instruction			
Basic Programs			
Elementary School	2,309,740	2,298,455	2,732,864
Middle School	1,190,948	1,185,355	930,011
High School	1,679,646	1,670,001	1,756,567
Drivers Education	5,594	5,594	19,613
Added Needs			
Special Education	1,521,880	1,517,323	1,541,643
Compensatory Education	712,457	683,533	824,112
Alternative Education	13,750	13,750	0
Supporting Services			
Pupil			
Truancy / Absenteeism Services	15,441	15,441	13,044
Guidance Services	162,155	160,419	134,878
Health Services	54,150	53,926	54,351
Social Work Services	191,385	191,893	283,609
Instructional Staff			
Improvement of Instruction	16,376	16,376	0
Library	51,948	50,343	88,770
Technology Assisted Instruction	129,753	123,157	113,646
General Administration			
Board of Education	74,264	65,463	95,535
Executive Administration	225,919	223,956	179,992

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
School Administration			
Office of the Principal	633,393	622,157	726,733
Business			
Fiscal Services	149,471	146,399	144,867
Other Business Services	36,860	49,034	59,393
Operation and Maintenance of Plant	1,058,106	1,024,585	1,069,929
Pupil Transportation Services	761,117	742,859	719,560
Support Service Technology	35,020	33,810	15,536
Community Services			
Civic Activities	0	833	27,255
Other Transactions	219,387	251,109	115,303
Total Expenditures	<u>11,248,760</u>	<u>11,145,771</u>	<u>11,647,211</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(226,663)</u>	<u>(141,258)</u>	<u>(375,418)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	400,161	400,161	0
Transfers Out			
School Services Fund - Athletic Activities	(145,000)	(141,967)	(129,489)
Capital Projects - 2001A	(114,134)	(114,135)	0
Sale of Fixed Assets	2,652	2,652	4,623
Total Other Financing Sources (Uses)	<u>143,679</u>	<u>146,711</u>	<u>(124,866)</u>
Net Change in Fund Balance	(82,984)	5,453	(500,284)
<u>FUND BALANCE</u> - Beginning of Year	<u>811,457</u>	<u>811,457</u>	<u>1,311,741</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 728,473</u>	<u>\$ 816,910</u>	<u>\$ 811,457</u>

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

GENERAL FUND

COMPARATIVE ANALYSIS OF REVENUES

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>LOCAL SOURCES</u>		
Property Tax Levy	\$ 1,218,620	\$ 1,147,141
Other Taxes	0	642
Tuition	4,100	22,290
Transportation Fees	41,507	18,136
Earnings on Investments and Deposits	48,051	30,063
Revenue from Community Service Activities	0	27,238
Rentals	0	184
Contributions, Donations, and Local Grants	211,115	64,342
Insurance Proceeds	0	16,153
Miscellaneous	9,212	22,090
Total Local Sources	<u>1,532,605</u>	<u>1,348,279</u>
<u>STATE SOURCES</u>		
Grants-In-Aid Unrestricted		
State School Aid		
Foundation Allowance	7,663,007	8,026,381
Foundation Allowance- Special Education	407,287	409,114
Grants-In-Aid Restricted		
State School Aid		
At Risk	442,954	469,072
Durant Settlement	16,331	16,331
Driver Education	0	3,423
Advanced and Accelerated Learning	0	208
Court Placed Pupils	0	17,651
Total State Sources	<u>8,529,579</u>	<u>8,942,180</u>

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

GENERAL FUND

COMPARATIVE ANALYSIS OF REVENUES

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>FEDERAL SOURCES</u>		
Grants-In-Aid Restricted		
Received Through Department of Defense		
NJROTC	42,469	40,045
Received Through State		
Title I	414,642	478,700
Title II Improving Teacher Quality	134,844	125,088
Title IID Technology Literacy Challenge	6,932	9,160
Title V LEA Allocation	5,309	9,512
Homeland Security	3,608	0
Received Through County		
National Forests	31,877	9,620
Received Through Intermediate School District		
Special Education - Flow Through - IDEA	226,813	225,000
Total Federal Sources	<u>866,494</u>	<u>897,125</u>
<u>OTHER TRANSACTIONS</u>		
Transfers from Other Governmental Units		
Received Through Intermediate School District		
Special Education	75,835	84,000
Other	0	209
Total Other Transactions	<u>75,835</u>	<u>84,209</u>
 TOTAL REVENUES	 <u>11,004,513</u>	 <u>11,271,793</u>
<u>OTHER FINANCING SOURCES</u>		
Transfers In	400,161	0
Sale of Fixed Assets	2,652	4,623
 TOTAL OTHER FINANCING SOURCES	 <u>402,813</u>	 <u>4,623</u>
 TOTAL REVENUES AND OTHER FINANCING SOURCES	 <u>\$ 11,407,326</u>	 <u>\$ 11,276,416</u>

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

GENERAL FUND
COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>INSTRUCTION</u>		
<u>Basic Programs</u>		
<u>Elementary</u>		
Salaries	1,477,520	\$ 1,803,019
Employee Benefits	753,142	861,123
Purchased Services	9,707	20,894
Supplies and Materials	35,275	43,973
Capital Outlay	22,741	0
Other Expense	70	3,855
Total Elementary	<u>2,298,455</u>	<u>2,732,864</u>
<u>Middle School</u>		
Salaries	781,533	615,923
Employee Benefits	379,167	287,650
Purchased Services	6,876	13,098
Supplies and Materials	17,753	13,172
Other Expense	26	168
Total Middle School	<u>1,185,355</u>	<u>930,011</u>
<u>High School</u>		
Salaries	1,099,696	1,189,200
Employee Benefits	522,307	514,286
Purchased Services	16,608	18,016
Supplies and Materials	30,702	30,689
Capital Outlay	0	3,424
Other Expense	688	952
Total High School	<u>1,670,001</u>	<u>1,756,567</u>
<u>Other Basic Programs - Drivers Education</u>		
Salaries	4,518	16,192
Employee Benefits	1,076	3,401
Other Expense	0	20
Total Other Basic Programs - Drivers Education	<u>5,594</u>	<u>19,613</u>

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

GENERAL FUND

COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>Added Needs</u>		
<u>Special Education</u>		
Salaries	1,022,212	1,055,940
Employee Benefits	488,260	479,677
Purchased Services	1,605	678
Supplies and Materials	5,196	5,266
Other Expense	50	82
Total Special Education	<u>1,517,323</u>	<u>1,541,643</u>
<u>Compensatory Education</u>		
Salaries	440,047	507,145
Employee Benefits	235,027	260,554
Purchased Services	4,084	21,369
Supplies and Materials	4,375	35,044
Total Compensatory Education	<u>683,533</u>	<u>824,112</u>
<u>Alternative Education</u>		
Purchased Services	<u>13,750</u>	<u>0</u>
<u>SUPPORTING SERVICES</u>		
<u>Pupil</u>		
<u>Truancy / Absenteeism Services</u>		
Purchased Services	<u>15,441</u>	<u>13,044</u>
<u>Guidance Services</u>		
Salaries	99,170	90,642
Employee Benefits	59,308	43,654
Purchased Services	383	0
Supplies and Materials	742	482
Other Expense	816	100
Total Guidance Services	<u>160,419</u>	<u>134,878</u>
<u>Health Services</u>		
Salaries	30,373	30,373
Employee Benefits	21,806	22,981

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

GENERAL FUND

COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
Purchased Services	939	597
Supplies and Materials	668	400
Other Expense	140	0
Total Health Services	<u>53,926</u>	<u>54,351</u>
<u>Social Work Services</u>		
Salaries	131,061	195,316
Employee Benefits	60,062	88,293
Purchased Services	125	0
Supplies and Materials	645	0
Total Social Work Services	<u>191,893</u>	<u>283,609</u>
<u>Instructional Staff</u>		
<u>Improvement of Instruction</u>		
Salaries	1,500	0
Employee Benefits	662	0
Purchased Services	14,214	0
Total Improvement of Instructions	<u>16,376</u>	<u>0</u>
<u>Library</u>		
Salaries	22,071	50,681
Employee Benefits	22,288	30,564
Purchased Services	128	106
Supplies and Materials	5,846	7,419
Other Expense	10	0
Total Library	<u>50,343</u>	<u>88,770</u>
<u>Technology Assisted Instruction</u>		
Salaries	57,622	59,780
Employee Benefits	27,204	27,935
Purchased Services	15,704	4,676
Supplies and Materials	19,309	3,902
Capital Outlay	3,275	17,323
Other Expenses	43	30
Total Technology Assisted Instruction	<u>123,157</u>	<u>113,646</u>

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

GENERAL FUND

COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>General Administration</u>		
<u>Board of Education</u>		
Purchased Services	48,953	83,705
Supplies and Materials	75	109
Other Expense	16,435	11,721
Total Board of Education	<u>65,463</u>	<u>95,535</u>
 <u>Executive Administration</u>		
Salaries	147,829	131,257
Employee Benefits	58,216	44,966
Purchased Services	14,553	0
Supplies and Materials	882	1,526
Capital Outlay	0	465
Other Expense	2,476	1,778
Total Executive Administration	<u>223,956</u>	<u>179,992</u>
 <u>School Administration</u>		
<u>Office of the Principal</u>		
Salaries	399,737	463,558
Employee Benefits	206,530	238,237
Purchased Services	6,890	14,906
Supplies and Materials	5,749	6,141
Capital Outlay	0	465
Other Expenses	3,251	3,426
Total Office of the Principal	<u>622,157</u>	<u>726,733</u>
 <u>Business</u>		
<u>Fiscal Services</u>		
Salaries	80,049	96,777
Employee Benefits	55,826	38,156
Purchased Services	7,191	5,651
Supplies and Materials	1,891	3,561
Other Expenses	1,442	722
Total Fiscal Services	<u>146,399</u>	<u>144,867</u>

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

GENERAL FUND

COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>Other Business Services</u>		
Purchased Services	25,009	46,846
Other Expenses	24,025	12,547
Total Other Business Services	<u>49,034</u>	<u>59,393</u>
 <u>Operation and Maintenance of Plant</u>		
Salaries	31,750	373,941
Employee Benefits	93,557	239,345
Purchased Services	488,349	170,756
Supplies and Materials	305,691	285,085
Capital Outlay	105,156	656
Other Expenses	82	146
Total Operation and Maintenance	<u>1,024,585</u>	<u>1,069,929</u>
 <u>Pupil Transportation Services</u>		
Salaries	410,788	417,836
Employee Benefits	161,191	155,787
Purchased Services	28,811	51,951
Supplies and Materials	141,389	93,807
Other Expenses	680	179
Total Pupil Transportation Services	<u>742,859</u>	<u>719,560</u>
 <u>Support Service Technology</u>		
Purchased Services	<u>33,810</u>	<u>15,536</u>
 <u>COMMUNITY SERVICES</u>		
<u>Civic Activities</u>		
Salaries	0	16,871
Employee Benefits	833	8,475
Supplies and Materials	0	1,846
Other Expenses	0	63
Total Community Services	<u>833</u>	<u>27,255</u>

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

GENERAL FUND

COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>OTHER TRANSACTIONS</u>		
Prior Period Adjustment	34,388	0
Principal Payments on Loans	163,035	85,031
Interest Payments on Loans	27,293	14,028
Transfer to Other School Districts	26,393	16,244
Total Other Transactions	<u>251,109</u>	<u>115,303</u>
 Total Expenditures	 <u>11,145,771</u>	 <u>11,647,211</u>
 <u>OTHER FINANCING USES</u>		
Operating Transfers Out		
School Service Fund - Athletics	141,967	129,489
Capital Projects Fund - 2001A	114,135	0
Total Other Financing Uses	<u>256,102</u>	<u>129,489</u>
 TOTAL EXPENDITURES AND OTHER USES	 <u><u>\$ 11,401,873</u></u>	 <u><u>\$ 11,776,700</u></u>

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

SPECIAL REVENUE (SCHOOL SERVICE) FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2006

	FOOD SERVICE FUND	ATHLETIC ACTIVITIES FUND	TOTAL
<u>ASSETS</u>			
Cash	\$ 193,530	\$ 15,101	\$ 208,631
Due from Other Funds	15,602	0	15,602
Inventory	8,492	0	8,492
TOTAL ASSETS	<u>\$ 217,624</u>	<u>\$ 15,101</u>	<u>\$ 232,725</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	<u>\$ 1,859</u>	<u>\$ 0</u>	<u>\$ 1,859</u>
<u>FUND BALANCE</u>			
Reserved for Inventory	8,492	0	8,492
Unreserved			
Designated for:			
Food Service	207,273	0	207,273
Athletic Activities	0	15,101	15,101
Total Fund Balance	<u>215,765</u>	<u>15,101</u>	<u>230,866</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 217,624</u>	<u>\$ 15,101</u>	<u>\$ 232,725</u>

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

SPECIAL REVENUE (SCHOOL SERVICE) FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2006

	FOOD SERVICE FUND	ATHLETIC ACTIVITIES FUND	TOTAL
<u>REVENUES</u>			
Local Sources	\$ 183,628	\$ 30,171	\$ 213,799
State Sources	35,520	0	35,520
Federal Sources	361,865	0	361,865
Total Revenues	581,013	30,171	611,184
<u>EXPENDITURES</u>			
Food Services	568,978	0	568,978
Athletic Activities	0	177,820	177,820
Total Expenditures	568,978	177,820	746,798
Excess (Deficiency) of Revenues Over Expenditures	12,035	(147,649)	(135,614)
<u>OTHER FINANCING SOURCES</u>			
Transfers In	0	141,967	141,967
Net Change in Fund Balance	12,035	(5,682)	6,353
<u>FUND BALANCE</u> - Beginning of Year	203,730	20,783	224,513
<u>FUND BALANCE</u> - End of Year	\$ 215,765	\$ 15,101	\$ 230,866

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

FOOD SERVICE FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2006	2005
<u>ASSETS</u>		
Cash	193,530	\$ 191,849
Accounts Receivable	0	433
Due from Other Funds	15,602	11,794
Inventory	8,492	6,877
TOTAL ASSETS	\$ 217,624	\$ 210,953
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 1,859	\$ 7,223
<u>FUND BALANCE</u>		
Reserved for Inventory	8,492	6,877
Unreserved		
Designated for Food Service	207,273	196,853
Total Fund Balance	215,765	203,730
TOTAL LIABILITIES AND FUND BALANCE	\$ 217,624	\$ 210,953

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Earnings on Investments and Deposits	\$ 345	\$ 370	\$ 409
Food Sales to Pupils	104,221	103,928	113,417
Food Sales to Adults	13,831	13,831	16,770
Food Sales to Head Start Program	0	55,586	53,742
Miscellaneous	64,923	9,913	11,313
State Sources			
State Aid			
Food Service	24,013	35,520	42,202
Federal Sources			
Federal Aid - Regular	348,977	334,996	337,320
U.S.D.A. Non-Bonus Commodities	0	24,919	27,556
U.S.D.A. Bonus Commodities	0	1,950	5,164
Total Revenues	<u>\$ 556,310</u>	<u>\$ 581,013</u>	<u>\$ 607,893</u>
<u>EXPENDITURES</u>			
Salaries			
Cooks and Assistants	275,000	\$ 168,012	\$ 210,623
Employee Benefits			
Health and Accident Insurance	0	67,503	57,755
Retirement	0	26,721	30,488
Social Security	0	12,853	16,627
Worker's Compensation	0	8,707	6,982
Other	0	0	7,417
Purchased Services			
Repairs	2,861	4,872	6,695
Travel and Expense	7,949	1,951	963
Workshop and Conferences	0	510	405
Advertising	0	400	400

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Laundry	0	283	1,140
Trash Removal	0	681	0
Custodial Services	20,774	20,775	0
Audit	0	1,691	0
Other Purchased Services	0	60	1,341
Supplies and Materials			
Food Purchases	178,793	177,375	190,550
U.S.D.A. Donated Commodities	0	26,869	32,720
U.S.D.A. Delivery Charges	22,319	22,319	24,845
Office Supplies	0	258	457
Other Supplies	12,766	18,671	12,933
Capital Outlay			
Equipment	12,299	5,940	0
Other Expenses			
Sales Tax - Adult Lunch	0	507	1,073
Dues and Fees	0	1,773	1,586
Miscellaneous	2,977	247	40
Total Expenditures	\$ 535,738	\$ 568,978	\$ 605,040
Excess (Deficiency)of Revenues Over Expenditures	\$ 20,572	\$ 12,035	\$ 2,853
<u>FUND BALANCE</u> - Beginning of Year	210,953	203,730	200,877
<u>FUND BALANCE</u> - End of Year	\$ 231,525	\$ 215,765	\$ 203,730

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

ATHLETIC ACTIVITIES FUND

COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 15,101	\$ 20,783
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Unreserved		
Designated for Athletic Activities	15,101	20,783
TOTAL LIABILITIES AND FUND BALANCE	\$ 15,101	\$ 20,783

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

ATHLETIC ACTIVITIES FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Admissions	\$ 23,979	\$ 24,448	\$ 27,611
Miscellaneous	3,247	5,723	12,068
Total Revenues	27,226	30,171	39,679
<u>EXPENDITURES</u>			
Salaries	144,379	103,951	105,883
Employee Benefits	0	25,266	23,920
Purchased Services	10,290	15,865	14,315
Supplies and Materials	10,290	6,699	11,537
Other Expense	10,290	26,039	8,196
Total Expenditures	175,249	177,820	163,851
Excess (Deficiency) of Revenues Over Expenditures	(148,023)	(147,649)	(124,172)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In - General Fund	145,000	141,967	129,489
Net Change in Fund Balance	(3,023)	(5,682)	5,317
<u>FUND BALANCE</u> - Beginning of Year	20,783	20,783	15,466
<u>FUND BALANCE</u> - End of Year	\$ 17,760	\$ 15,101	\$ 20,783

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

DEBT RETIREMENT FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2006

	1998 DURANT DEBT RETIREMENT FUND	2000 REFUNDING DEBT RETIREMENT FUND	2001 DEBT RETIREMENT FUND SERIES A	2001 DEBT RETIREMENT FUND SERIES B	2003 REFUNDING DEBT RETIREMENT FUND	2005 REFUNDING DEBT RETIREMENT FUND	TOTALS
<u>ASSETS</u>							
Cash	\$ 0	\$ 80,984	\$ 79,060	\$ 319,827	\$ 25,340	\$ 36,857	\$ 542,068
Due from Other Funds	0	50,255	103,537	2,258	24,507	4,502	185,059
Taxes Receivable	0	5,501	5,660	972	2,922	191	15,246
TOTAL ASSETS	\$ 0	\$ 136,740	\$ 188,257	\$ 323,057	\$ 52,769	\$ 41,550	\$ 742,373
<u>LIABILITIES AND FUND BALANCE</u>							
<u>LIABILITIES</u>							
Due to Other Funds	\$ 0	\$ 1,839	\$ 0	\$ 7,862	\$ 0	\$ 0	\$ 9,701
Due to Other Governments	0	1,031	3,073	254	497	1,300	6,155
Total Liabilities	0	2,870	3,073	8,116	497	1,300	15,856
<u>FUND BALANCE</u>							
Reserved for Debt Retirement	0	133,870	185,184	314,941	52,272	40,250	726,517
TOTAL LIABILITIES AND FUND BALANCE	\$ 0	\$ 136,740	\$ 188,257	\$ 323,057	\$ 52,769	\$ 41,550	\$ 742,373

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

DEBT RETIREMENT FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2006

	1998 DURANT DEBT RETIREMENT FUND	2000 REFUNDING DEBT RETIREMENT FUND	2001 DEBT RETIREMENT FUND SERIES A	2001 DEBT RETIREMENT FUND SERIES B	2003 REFUNDING DEBT RETIREMENT FUND	2005 REFUNDING DEBT RETIREMENT FUND	TOTALS
<u>REVENUES</u>							
Local Sources	\$ 0	\$ 408,903	\$ 437,504	\$ 66,820	\$ 129,030	\$ 184,953	\$ 1,227,210
State Sources	54,119	0	0	0	0	0	54,119
Total Revenues	54,119	408,903	437,504	66,820	129,030	184,953	1,281,329
<u>EXPENDITURES</u>							
Debt Service							
Redemption of Principal	36,228	280,000	325,000	0	50,000	30,000	721,228
Interest and Fiscal Charges	17,891	245,010	211,488	0	149,165	249,151	872,705
Bond Issuance Costs	0	0	0	0	0	68,660	68,660
Dues and Fees	0	283	508	508	1,482	17	2,798
Total Expenditures	54,119	525,293	536,996	508	200,647	347,828	1,665,391
Excess (Deficiency) of Revenues Over Expenditures	0	(116,390)	(99,492)	66,312	(71,617)	(162,875)	(384,062)
<u>OTHER FINANCING SOURCES (USES)</u>							
Loan Proceeds	0	193,158	179,759	0	85,943	104,628	563,488
Issuance of Debt	0	0	0	0	0	7,190,000	7,190,000
Bond Premium	0	0	0	0	0	110,901	110,901
Payment to Refunding Bond Escrow Agent	0	0	0	0	0	(7,202,404)	(7,202,404)
Total Other Financing Sources (Uses)	0	193,158	179,759	0	85,943	203,125	661,985
Net Change in Fund Balance	0	76,768	80,267	66,312	14,326	40,250	277,923
<u>FUND BALANCE -</u>							
Beginning of Year	0	57,102	104,917	248,629	37,946	0	448,594
<u>FUND BALANCE - End of Year</u>	\$ 0	\$ 133,870	\$ 185,184	\$ 314,941	\$ 52,272	\$ 40,250	\$ 726,517

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD , MICHIGAN

1998 DURANT DEBT RETIREMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
State Sources			
Durant Settlement Debt Service	\$ 0	\$ 54,119	\$ 0
<u>EXPENDITURES</u>			
Debt Service			
Redemption of Principal	0	36,228	0
Interest on Debt	0	17,891	0
Total Expenditures	0	54,119	0
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
<u>FUND BALANCE</u> - Beginning of Year	0	0	0
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 0	\$ 0

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2000 REFUNDING DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2006	2005
<u>ASSETS</u>		
Cash	\$ 80,984	\$ 1,768
Due from General Fund	50,255	50,255
Taxes Receivable	5,501	5,079
TOTAL ASSETS	<u>\$ 136,740</u>	<u>\$ 57,102</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 1,839	\$ 0
Due to Other Governments	1,031	0
Total Liabilities	2,870	0
 <u>FUND BALANCE</u>		
Reserved for Debt Retirement	133,870	57,102
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 136,740</u>	<u>\$ 57,102</u>

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2000 REFUNDING DEBT RETIREMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Property Taxes	\$ 410,688	\$ 408,293	\$ 335,401
Earnings on Investments and Deposits	574	610	331
Total Revenues	411,262	408,903	335,732
<u>EXPENDITURES</u>			
Debt Service			
Redemption of Principal	280,000	280,000	245,000
Interest on Debt	245,148	245,010	256,280
Dues and Fees	144	283	275
Total Expenditures	525,292	525,293	501,555
Excess (Deficiency) of Revenues Over Expenditures	(114,030)	(116,390)	(165,823)
<u>OTHER FINANCING SOURCES</u>			
Loan Proceeds	193,158	193,158	143,324
Net Change in Fund Balance	79,128	76,768	(22,499)
<u>FUND BALANCE</u> - Beginning of Year	57,102	57,102	79,601
<u>FUND BALANCE</u> - End of Year	\$ 136,230	\$ 133,870	\$ 57,102

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2001 DEBT RETIREMENT FUND SERIES A

COMPARATIVE BALANCE SHEET
JUNE 30,

	2006	2005
<u>ASSETS</u>		
Cash	\$ 79,060	\$ 3,372
Due from General Fund	95,837	96,337
Due from 2001 Debt Retirement Fund Series B	7,700	0
Taxes Receivable	5,660	5,208
TOTAL ASSETS	<u>\$ 188,257</u>	<u>\$ 104,917</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Governments	<u>\$ 3,073</u>	<u>\$ 0</u>
TOTAL LIABILITIES	3,073	0
 <u>FUND BALANCE</u>		
Reserved for Debt Retirement	<u>185,184</u>	<u>104,917</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 188,257</u>	<u>\$ 104,917</u>

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2001 DEBT RETIREMENT FUND SERIES A
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Property Taxes	\$ 439,803	\$ 436,876	\$ 642,969
Earnings on Investments and Deposits	590	628	665
Total Revenues	440,393	437,504	643,634
<u>EXPENDITURES</u>			
Debt Service			
Redemption of Principal	325,000	325,000	325,000
Interest on Debt	211,488	211,488	569,894
Dues and Fees	507	508	0
Total Expenditures	536,995	536,996	894,894
Excess (Deficiency) of Revenues			
Over Expenditures	(96,602)	(99,492)	(251,260)
<u>OTHER FINANCING SOURCES</u>			
Loan Proceeds	179,759	179,759	240,394
Net Change in Fund Balance	83,157	80,267	(10,866)
<u>FUND BALANCE</u> - Beginning of Year	104,917	104,917	115,783
<u>FUND BALANCE</u> - End of Year	\$ 188,074	\$ 185,184	\$ 104,917

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2001 DEBT RETIREMENT FUND SERIES B

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 319,827	\$ 244,957
Due from General Fund	2,258	2,758
Taxes Receivable	972	914
	<hr/>	<hr/>
TOTAL ASSETS	\$ 323,057	\$ 248,629
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 7,862	\$ 0
Due to Other Governments	254	0
	<hr/>	<hr/>
Total Liabilities	8,116	0
<u>FUND BALANCE</u>		
Reserved for Debt Retirement	314,941	248,629
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 323,057	\$ 248,629
	<hr/> <hr/>	<hr/> <hr/>

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2001 DEBT RETIREMENT FUND SERIES B
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Property Taxes	\$ 59,366	\$ 59,379	\$ 9,742
Earnings on Investments and Deposits	89	7,441	5,438
Total Revenues	59,455	66,820	15,180
<u>EXPENDITURES</u>			
Debt Service			
Sinking Fund Set Aside	58,526	0	0
Dues and Fees	508	508	0
Total Expenditures	59,034	508	0
Excess (Deficiency) of Revenues Over Expenditures	421	66,312	15,180
<u>OTHER FINANCING SOURCES</u>			
Loan Proceeds	0	0	49,650
Net Change in Fund Balance	421	66,312	64,830
<u>FUND BALANCE</u> - Beginning of Year	248,629	248,629	183,799
<u>FUND BALANCE</u> - End of Year	\$ 249,050	\$ 314,941	\$ 248,629

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2003 REFUNDING DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2006	2005
<u>ASSETS</u>		
Cash	\$ 25,340	\$ 11,175
Due from General Fund	24,507	23,980
Taxes Receivable	2,922	2,791
TOTAL ASSETS	<u>\$ 52,769</u>	<u>\$ 37,946</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Governments	\$ 497	\$ 0
<u>FUND BALANCE</u>		
Reserved for Debt Retirement	52,272	37,946
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 52,769</u>	<u>\$ 37,946</u>

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

2003 REFUNDING DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Property Taxes	\$ 124,771	\$ 128,815	\$ 160,044
Other Taxes	0	0	0
Earnings on Investments and Deposits	200	215	201
Total Revenues	124,971	129,030	160,245
<u>EXPENDITURES</u>			
Debt Service			
Redemption of Principal	50,000	50,000	50,000
Interest on Debt	149,165	149,165	150,169
Dues and Fees	1,483	1,482	0
Total Expenditures	200,648	200,647	200,169
Excess (Deficiency) of Revenues Over Expenditures	(75,677)	(71,617)	(39,924)
<u>OTHER FINANCING SOURCES (USES)</u>			
Loan Proceeds	85,943	85,943	38,162
Net Change in Fund Balance	10,266	14,326	(1,762)
<u>FUND BALANCE</u> - Beginning of Year	37,946	37,946	39,708
<u>FUND BALANCE</u> - End of Year	\$ 48,212	\$ 52,272	\$ 37,946

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2005 REFUNDING DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 36,857	\$ 0
Due from General Fund	4,502	0
Taxes Receivable	191	0
	<hr/>	<hr/>
TOTAL ASSETS	\$ 41,550	\$ 0
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Governments	1,300	0
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Debt Retirement	40,250	0
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 41,550	\$ 0
	<hr/> <hr/>	<hr/> <hr/>

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2005 REFUNDING DEBT RETIREMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Property Taxes	\$ 188,100	\$ 184,622	\$ 0
Earnings on Investments and Deposits	315	331	0
Miscellaneous	25,335	0	0
Total Revenues	213,750	184,953	0
<u>EXPENDITURES</u>			
Debt Service			
Redemption of Principal	30,000	30,000	0
Interest on Debt	249,151	249,151	0
Bond Issuance Cost	0	68,660	
Dues and Fees	17	17	0
Total Expenditures	279,168	347,828	0
Excess (Deficiency) of Revenues Over Expenditures	(65,418)	(162,875)	0
<u>OTHER FINANCING SOURCES (USES)</u>			
Loan Proceeds	104,628	104,628	0
Issuance of Debt	0	7,190,000	0
Bond Premium	0	110,901	0
Payment to Refunding Bond Escrow Agent	0	(7,202,404)	0
Total Other Financing Sources (Uses)	104,628	203,125	0
Net Change in Fund Balance	39,210	40,250	0
<u>FUND BALANCE</u> - Beginning of Year	0	0	0
<u>FUND BALANCE</u> - End of Year	\$ 39,210	\$ 40,250	\$ 0

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2006

	2001 SERIES A	2005 ENERGY CONSERVATION	TOTAL
<u>ASSETS</u>			
Cash	\$ 163	\$ 0	\$ 163
Due From Other Funds	46,859	0	46,859
<hr/>			
TOTAL ASSETS	\$ 47,022	\$ 0	\$ 47,022
<hr/>			
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 47,022	\$ 0	\$ 47,022
<u>FUND BALANCE</u>			
Unreserved			
Undesignated	0	0	0
<hr/>			
TOTAL LIABILITIES AND FUND BALANCE	\$ 47,022	\$ 0	\$ 47,022
<hr/>			

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2006

	2001 SERIES A	2005 ENERGY CONSERVATION	TOTAL
<u>REVENUES</u>			
Local Sources			
Refunds and Insurance Proceeds	\$ 42,800	\$ 0	\$ 42,800
<u>EXPENDITURES</u>			
Purchased Services			
Construction Manager	42,800	0	42,800
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
<u>OTHER FINANCING SOURCES</u>			
Transfers In (Out)	114,135	(400,161)	(286,026)
Net Change in Fund Balance	114,135	(400,161)	(286,026)
<u>FUND BALANCE</u> - Beginning of Year (Deficit)	(114,135)	400,161	286,026
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 0	\$ 0

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

YEAR ENDED JUNE 30, 2006

	BALANCE 7/01/05	RECEIPTS (INCLUDING TRANSFERS)	DISBURSEMENTS	BALANCE 6/30/06
High School:				
Administration	\$ 237	\$ 161	\$ 130	\$ 268
Art	214	0	0	214
Band	1,744	3,372	2,838	2,278
Baseball-Boys HS	605	1,490	1,697	398
Basketball-Boys HS	78	2,447	1,905	620
Basketball-Girls HS	1,119	2,963	2,661	1,421
Cheerleaders	232	1,063	208	1,087
Class 2005	247	0	247	0
Class 2006	2,410	54	2,464	0
Class 2007	3,108	3,703	5,048	1,763
Class 2008	1,870	483	23	2,330
Class of 2009	0	1,506	44	1,462
Close Up	2,690	814	1,826	1,678
Cross Country	1,979	100	706	1,373
Drama	1,046	1,267	1,219	1,094
Fit for Life	134	1,142	0	1,276
Football	2,051	3,432	3,289	2,194
Foreign Language	1,188	4,652	5,534	306
Girls Track	0	471	0	471
Golf	253	0	0	253
Golf-Girls	112	0	0	112
Guidance Department	1,003	0	850	153
Library Fines	221	423	9	635
National Honor Society	170	18	27	161
Portfolios	580	0	0	580
Quiz Bowl	1,144	6,076	2,351	4,869
ROTC	509	6,476	5,197	1,788
Softball	1,728	100	707	1,121
Student Council	2,983	3,539	2,407	4,115
Teacher Club	210	47	0	257
Track	400	100	0	500
Vocal-Choir	514	1,009	357	1,166
Voice of Reason	338	287	265	360
Volleyball	1,027	5,013	3,936	2,104
Wrestling	344	0	0	344
Yearbook 04-05	4,173	650	4,823	0
Yearbook 05-06	0	4,329	30	4,299
Yosemite Fitness for Life	1,142	0	1,142	0
Total High School	37,803	57,187	51,940	43,050

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

YEAR ENDED JUNE 30, 2006

	BALANCE 7/01/05	RECEIPTS (INCLUDING TRANSFERS)	DISBURSEMENTS	BALANCE 6/30/06
Middle School:				
Dave's Way	50	0	50	0
Class of 2012	0	7,961	7,937	24
Class of 2011	0	348	0	348
Class of 2010	269	288	440	117
Class of 2009	995	0	995	0
Administrative	75	731	795	11
Art Class	90	12	0	102
Categorical Rooms	11	0	0	11
Cheerleaders	33	36	0	69
Club Pride	1,040	0	155	885
Computer Class	364	0	364	0
Multicultural Festival	0	1,887	1,233	654
M.S. Track	160	0	160	0
Pilot Testing Program	0	2,029	1,816	213
Physical Education	843	6	794	55
Safety Classes	0	654	514	140
School Store	0	633	0	633
Student Council	3,287	3,299	2,951	3,635
Teacher's Fund	105	775	718	162
Total Middle School	7,322	18,659	18,922	7,059
Elementary:				
1st Grade	449	2,793	3,031	211
Book Fair	1,986	2,724	3,866	844
Dave's Way	3,017	2,345	3,615	1,747
Hawks	186	1,387	40	1,533
KDG Class Account	209	0	0	209
Music	301	0	0	301
Picture Account	3,555	4,007	4,638	2,924
Warm & Toasty	13	0	0	13
Total Elementary	9,716	13,256	15,190	7,782
Upper Elementary:				
2nd Grade	854	3,585	3,995	444
3rd Grade	546	906	1,449	3
4th Grade	2,728	4,407	7,063	72
5th Grade	49	528	577	0
6th Grade	410	0	410	0
Categorical	117	268	230	155
Computers	0	1,022	413	609

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

YEAR ENDED JUNE 30, 2006

	BALANCE 7/01/05	RECEIPTS (INCLUDING TRANSFERS)	DISBURSEMENTS	BALANCE 6/30/06
Library	1,352	3,589	3,936	1,005
Multicultural Fair	1,424	0	1,424	0
Pencil Machine	0	1,205	328	877
School Store	456	0	456	0
Teachers Fund	812	339	122	1,029
Girls Basketball	0	460	352	108
Boys Basketball	0	1,090	173	917
Warm Furries/Sunshine Committee	0	215	199	16
Administration Miscellaneous	969	1,967	1,732	1,204
Total Upper Elementary	9,717	19,581	22,859	6,439
Ethel Kelly Library				
Expendable	332	40	0	372
Non-Expendable	2,300	0	0	2,300
Total Ethel Kelly Library	2,632	40	0	2,672
Grand Total	\$ 67,190	\$ 108,723	\$ 108,911	\$ 67,002
Represented by				
Assets				
Cash	<u>\$ 67,190</u>			<u>\$ 67,002</u>
Liabilities				
Due to Groups and Organizations	<u>\$ 67,190</u>			<u>\$ 67,002</u>

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

SCHEDULE OF 2005 TAX ROLL

YEAR ENDED JUNE 30, 2006

	TAXABLE VALUATION	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
<u>GENERAL FUND (18.0000 MILLS)</u>				
<u>NEWAYGO COUNTY</u>				
Big Prairie	\$ 7,572,913	\$ 136,312	\$ 110,982	\$ 25,330
Denver	5,601	101	101	0
Everett	11,473,584	206,525	158,494	48,031
Goodwell	7,707,968	138,743	126,504	12,239
Lincoln	10,802,674	194,448	171,127	23,321
Merrill	4,125,425	74,258	62,156	12,102
Monroe	4,796,261	86,333	79,777	6,556
Norwich	0	0	0	0
Sherman	2,881,993	51,876	41,508	10,368
Wilcox	9,042,565	162,766	129,084	33,682
White Cloud	9,292,098	167,258	149,497	17,761
	<u>\$ 67,701,082</u>	<u>\$ 1,218,620</u>	<u>\$ 1,029,230</u>	<u>\$ 189,390</u>
<u>2003 REFUNDING DEBT RETIREMENT FUND (0.858 MILLS)</u>				
<u>NEWAYGO COUNTY</u>				
Big Prairie	\$ 16,907,963	\$ 14,507	\$ 11,744	\$ 2,763
Denver	51,219	44	44	0
Everett	30,196,447	25,909	20,925	4,984
Goodwell	14,012,007	12,022	10,950	1,072
Lincoln	23,179,754	19,888	17,056	2,832
Merrill	6,621,306	5,681	4,599	1,082
Monroe	7,069,475	6,066	5,446	620
Norwich	48,282	41	41	0
Sherman	10,043,146	8,617	7,555	1,062
Wilcox	20,696,425	17,758	14,744	3,014
White Cloud	18,134,813	15,560	13,917	1,643
	<u>\$146,960,837</u>	<u>\$ 126,093</u>	<u>\$ 107,021</u>	<u>\$ 19,072</u>
<u>2000 REFUNDING DEBT RETIREMENT FUND (2.7710 MILLS)</u>				
<u>NEWAYGO COUNTY</u>				
Big Prairie	\$ 16,907,963	\$ 46,852	\$ 37,930	\$ 8,922
Denver	51,219	142	142	0
Everett	30,196,447	83,674	67,578	16,096
Goodwell	14,012,007	38,827	35,366	3,461
Lincoln	23,179,754	64,231	55,084	9,147

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

SCHEDULE OF 2005 TAX ROLL

YEAR ENDED JUNE 30, 2006

	TAXABLE	TAXES	TAXES	TAXES
	VALUATION	ASSESSED	COLLECTED	RETURNED
				DELINQUENT
Merrill	6,621,306	18,348	14,855	3,493
Monroe	7,069,475	19,590	17,587	2,003
Norwich	48,282	134	134	0
Sherman	10,043,146	27,830	24,401	3,429
Wilcox	20,696,425	57,350	47,617	9,733
White Cloud	18,134,813	50,252	44,947	5,305
	<u>\$146,960,837</u>	<u>\$ 407,230</u>	<u>\$ 345,641</u>	<u>\$ 61,589</u>

2001 SERIES A DEBT RETIREMENT FUND (2.9650 MILLS)

NEWAYGO COUNTY

Big Prairie	\$ 16,907,963	\$ 50,132	\$ 40,586	\$ 9,546
Denver	51,219	152	152	0
Everett	30,196,447	89,532	72,309	17,223
Goodwell	14,012,007	41,546	37,842	3,704
Lincoln	23,179,754	68,728	58,941	9,787
Merrill	6,621,306	19,632	15,894	3,738
Monroe	7,069,475	20,961	18,818	2,143
Norwich	48,282	143	143	0
Sherman	10,043,146	29,778	26,109	3,669
Wilcox	20,696,425	61,365	50,951	10,414
White Cloud	18,134,813	53,770	48,093	5,677
	<u>\$146,960,837</u>	<u>\$ 435,739</u>	<u>\$ 369,838</u>	<u>\$ 65,901</u>

2001 SERIES B DEBT RETIREMENT FUND (0.4030 MILLS)

NEWAYGO COUNTY

Big Prairie	\$ 16,907,963	\$ 6,814	\$ 5,516	\$ 1,298
Denver	51,219	21	21	0
Everett	30,196,447	12,169	9,828	2,341
Goodwell	14,012,007	5,647	5,144	503
Lincoln	23,179,754	9,341	8,011	1,330
Merrill	6,621,306	2,668	2,160	508
Monroe	7,069,475	2,849	2,558	291
Norwich	48,282	19	19	0
Sherman	10,043,146	4,047	3,548	499
Wilcox	20,696,425	8,341	6,926	1,415
White Cloud	18,134,813	7,308	6,536	772
	<u>\$146,960,837</u>	<u>\$ 59,224</u>	<u>\$ 50,267</u>	<u>\$ 8,957</u>

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

SCHEDULE OF 2005 TAX ROLL

YEAR ENDED JUNE 30, 2006

	TAXABLE VALUATION	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
<u>2005 REFUNDING DEBT RETIREMENT FUND (1.2530 MILLS)</u>				
<u>NEWAYGO COUNTY</u>				
Big Prairie	\$ 16,907,963	\$ 21,186	\$ 17,152	\$ 4,034
Denver	51,219	64	64	0
Everett	30,196,447	37,836	30,558	7,278
Goodwell	14,012,007	17,557	15,992	1,565
Lincoln	23,179,754	29,044	24,908	4,136
Merrill	6,621,306	8,296	6,716	1,580
Monroe	7,069,475	8,858	7,952	906
Norwich	48,282	60	60	0
Sherman	10,043,146	12,584	11,033	1,551
Wilcox	20,696,425	25,933	21,532	4,401
White Cloud	18,134,813	22,723	20,324	2,399
	<u>\$146,960,837</u>	<u>\$ 184,141</u>	<u>\$ 156,291</u>	<u>\$ 27,850</u>

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

1998 DURANT BONDS
JUNE 30, 2006

<u>TITLE OF ISSUE</u>	1998 School Improvement Bond (Durant Bonds)
<u>PURPOSE</u>	This Bond was issued for purposes permitted in Section 1351(a) of Act 451, Public Acts of Michigan
<u>DATE OF ISSUE</u>	November 24, 1999
<u>INTEREST PAYABLE</u>	May 15th, of each year
<u>AMOUNT OF ISSUE</u>	\$ 163,312
<u>AMOUNT REDEEMED</u>	
Current Year	\$ 36,228
Prior Years	58,978
	<u>95,206</u>
<u>BALANCE OUTSTANDING - June 30, 2006</u>	<u>\$ 68,106</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 15, 2007	4.287%	\$ 8,547	\$ 2,919	\$ 11,466
May 15, 2008	4.287%	8,915	2,553	11,468
May 15, 2009	4.287%	9,297	2,171	11,468
May 15, 2010	4.287%	9,696	1,773	11,469
May 15, 2011	4.287%	10,111	1,357	11,468
May 15, 2012	4.287%	10,544	924	11,468
May 15, 2013	4.287%	10,996	472	11,468
		<u>\$ 68,106</u>	<u>\$ 12,169</u>	<u>\$ 80,275</u>

REDEMPTION PRIOR TO MATURITY

This bond is not subject to redemption prior to maturity by the School District and the School District may not issue any other bonds or obligations for the purpose of refunding this bond.

TAX LEVY/STATE AID

The revenues to retire the Durant Settlement Bonds are to come from yearly transfers of state aid from the State of Michigan, thus, no property taxes are levied for these payments.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2000 REFUNDING BONDS
JUNE 30, 2006

<u>TITLE OF ISSUE</u>	2000 Refunding Bonds
<u>PURPOSE</u>	To advance refund a prior bond issue of the School District and the costs of issuing the bonds.
<u>DATE OF ISSUE</u>	December 20, 2000
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year
<u>AMOUNT OF ISSUE</u>	\$ 5,820,000
<u>AMOUNT REDEEMED</u>	
Current Year	\$ 280,000
Prior Years	870,000
	<u>1,150,000</u>
<u>BALANCE OUTSTANDING - June 30, 2006</u>	<u>\$ 4,670,000</u>

<u>DUE DATES</u>		<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
			<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1	2006			\$ 115,995	\$ 115,995
May 1	2007	4.700%	\$ 320,000	115,995	435,995
November 1	2007			108,475	108,475
May 1	2008	4.750%	365,000	108,475	473,475
November 1	2008			99,806	99,806
May 1	2009	4.750%	410,000	99,806	509,806
November 1	2009			90,069	90,069
May 1	2010	4.800%	455,000	90,069	545,069
November 1	2010			79,149	79,149
May 1	2011	4.900%	510,000	79,149	589,149
November 1	2011			66,654	66,654
May 1	2012	5.000%	565,000	66,654	631,654
November 1	2012			52,529	52,529
May 1	2013	5.050%	625,000	52,529	677,529

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2000 REFUNDING BONDS
JUNE 30, 2006

<u>DUE DATES</u>		INTEREST RATES	REQUIREMENTS		
			PRINCIPAL	INTEREST	TOTAL
November 1	2013			36,747	36,747
May 1	2014	5.150%	690,000	36,748	726,748
November 1	2014			18,980	18,980
May 1	2015	5.200%	730,000	18,980	748,980
			<u>\$ 4,670,000</u>	<u>\$ 1,336,809</u>	<u>\$ 6,006,809</u>

DENOMINATION \$5,000 each, or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

REDEMPTION PRIOR TO MATURITY Bonds, or portions of bonds maturing on or after May 1, 2011, are subject to redemption at the option of the issuer in multiples of \$5,000 in such order as the issuer may determine, by lot within any maturity, on any interest payment date occurring on or after May 1, 2010, at par and accrued interest to the date fixed for redemption.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2001 SCHOOL BUILDING AND SITE BONDS SERIES A
JUNE 30, 2006

<u>TITLE OF ISSUE</u>	2001 School Building and Site Bonds Series A		
<u>PURPOSE</u>	For erecting, furnishing and equipping a new elementary school and playground; erecting furnishing and equipping additions to and partially remodeling, refurnishing and re-equipping the existing elementary and middle/high school buildings; acquiring and installing educational technology; and developing and improving sites.		
<u>DATE OF ISSUE</u>	August 8, 2001		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>	\$ 12,235,000		
<u>AMOUNT OF REFUNDING OF PORTION OF 2001 SCHOOL BUILDING AND SITE BONDS SERIES A</u>	(6,690,000)		
<u>AMOUNT REDEEMED</u>			
Current Year	\$ 325,000		
Prior Years	1,095,000	1,420,000	
<u>BALANCE OUTSTANDING - June 30, 2006</u>		<u>\$ 4,125,000</u>	

<u>DUE DATES</u>		<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
			<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1	2006			\$ 98,837	\$ 98,837
May 1	2007	4.250%	\$ 325,000	98,838	423,838
November 1	2007			91,931	91,931
May 1	2008	4.100%	325,000	91,931	416,931
November 1	2008			85,269	85,269
May 1	2009	4.250%	325,000	85,268	410,268
November 1	2009			78,363	78,363
May 1	2010	4.350%	325,000	78,363	403,363
November 1	2010			71,294	71,294

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2001 SCHOOL BUILDING AND SITE BONDS SERIES A
JUNE 30, 2006

<u>DUE DATES</u>		INTEREST	REQUIREMENTS		
		<u>RATES</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 1	2011	4.450%	325,000	71,294	396,294
November 1	2011			64,062	64,062
May 1	2012		0	64,063	64,063
November 1	2012			64,062	64,062
May 1	2013		0	64,063	64,063
November 1	2013			64,062	64,062
May 1	2014		0	64,063	64,063
November 1	2014			64,062	64,062
May 1	2015		0	64,063	64,063
November 1	2015			64,062	64,062
May 1	2016		0	64,063	64,063
November 1	2016			64,062	64,062
May 1	2017		0	64,063	64,063
November 1	2017			64,062	64,062
May 1	2018		0	64,063	64,063
November 1	2018			64,062	64,062
May 1	2019		0	64,063	64,063
November 1	2019			64,062	64,062
May 1	2020		0	64,063	64,063
November 1	2020			64,062	64,062
May 1	2021		0	64,063	64,063
November 1	2021			64,062	64,062
May 1	2022		0	64,063	64,063
November 1	2022			64,062	64,062
May 1	2023		0	64,063	64,063
November 1	2023			64,062	64,062
May 1	2024		0	64,063	64,063
November 1	2024			64,062	64,062
May 1	2025		0	64,063	64,063
November 1	2025			64,062	64,062
May 1	2026		0	64,063	64,063
November 1	2026			64,062	64,062
May 1	2027	4.500%	500,000	64,063	564,063
November 1	2027			51,250	51,250
May 1	2028	5.125%	500,000	51,250	551,250
November 1	2028	71		38,437	38,437

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2001 SCHOOL BUILDING AND SITE BONDS SERIES A
JUNE 30, 2006

<u>DUE DATES</u>		<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
			<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 1	2029	5.125%	500,000	38,438	538,438
November 1	2029			25,625	25,625
May 1	2030	5.125%	500,000	25,625	525,625
November 1	2030			12,813	12,813
May 1	2031	5.125%	500,000	12,812	512,812
			<u>\$ 4,125,000</u>	<u>\$3,157,638</u>	<u>\$ 7,282,638</u>

DENOMINATION

\$5,000 each, or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

REDEMPTION PRIOR TO MATURITY

Bonds, or portions of bonds maturing on or after May 1, 2012, are subject to redemption at the option of the issuer in multiples of \$5,000 in such order as the issuer may determine, by lot within any maturity, on any interest payment date occurring on or after May 1, 2011, at par and accrued interest to the date fixed for redemption.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2001 SCHOOL BUILDING AND SITE BONDS SERIES B
JUNE 30, 2006

<u>TITLE OF ISSUE</u>	2001 School Building and Site Bonds Series B Qualified Zone Academy Bonds			
<u>PURPOSE</u>	For partially remodeling, refurbishing and re-equipping the existing elementary and middle/high school buildings; acquiring and installing educational technology; and developing and improving sites.			
<u>DATE OF ISSUE</u>	September 13, 2001			
<u>INTEREST PAYABLE</u>	None			
<u>AMOUNT OF ISSUE</u>	\$ 1,000,000			
<u>AMOUNT REDEEMED</u>				
Current Year	\$	0		
Prior Years		0		0
				<hr/>
<u>BALANCE OUTSTANDING - June 30, 2006</u>	<u>\$ 1,000,000</u>			
<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u> <u>PRINCIPAL INTEREST TOTAL</u>		
May 1, 2015	0.000%	<u>\$1,000,000</u>	<u>\$ 0</u>	<u>\$1,000,000</u>
<u>DENOMINATION</u>	\$5,000 each, or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.			
<u>REDEMPTION PRIOR TO MATURITY</u>	Bonds of this issue are not subject to redemption prior to maturity.			

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2003 REFUNDING BONDS
JUNE 30, 2006

<u>TITLE OF ISSUE</u>	2003 Refunding Bonds
<u>PURPOSE</u>	To refund a portion of a prior bond issue of the School District and the costs of issuing the bonds.
<u>DATE OF ISSUE</u>	March 20, 2003
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year
<u>AMOUNT OF ISSUE</u>	\$ 3,950,000
<u>AMOUNT REDEEMED</u>	
Current Year	\$ 50,000
Prior Years	100,000
	<u>150,000</u>
<u>BALANCE OUTSTANDING - June 30, 2006</u>	<u>\$ 3,800,000</u>

<u>DUE DATES</u>		<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
			<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1	2006			\$ 74,083	\$ 74,083
May 1	2007	2.150%	\$ 50,000	74,082	124,082
November 1	2007			73,545	73,545
May 1	2008	2.600%	50,000	73,545	123,545
November 1	2008			72,895	72,895
May 1	2009	3.000%	50,000	72,895	122,895
November 1	2009			72,145	72,145
May 1	2010	3.250%	50,000	72,145	122,145
November 1	2010			71,333	71,333
May 1	2011	3.500%	50,000	71,332	121,332
November 1	2011			70,458	70,458
May 1	2012	3.600%	50,000	70,457	120,457
November 1	2012			69,558	69,558
May 1	2013	5.050%	50,000	69,557	119,557

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2003 REFUNDING BONDS
JUNE 30, 2006

<u>DUE DATES</u>		INTEREST RATES	REQUIREMENTS		
			PRINCIPAL	INTEREST	TOTAL
November 1	2013			68,658	68,658
May 1	2014	5.050%	50,000	68,657	118,657
November 1	2014			67,708	67,708
May 1	2015	5.050%	50,000	67,707	117,707
November 1	2015			66,758	66,758
May 1	2016	5.050%	710,000	66,757	776,757
November 1	2016			53,090	53,090
May 1	2017	5.050%	690,000	53,090	743,090
November 1	2017			39,635	39,635
May 1	2018	5.150%	670,000	39,635	709,635
November 1	2018			26,235	26,235
May 1	2019	5.150%	650,000	26,235	676,235
November 1	2019			13,073	13,073
May 1	2020	5.200%	630,000	13,072	643,072
			<u>\$3,800,000</u>	<u>\$1,678,340</u>	<u>\$ 5,478,340</u>

DENOMINATION

\$5,000 each, or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

REDEMPTION PRIOR TO MATURITY

Bonds, or portions of bonds maturing on or after May 1, 2014, are subject to redemption at the option of the issuer in multiples of \$5,000 in such order as the issuer may determine, by lot within any maturity, on any interest payment date occurring on or after May 1, 2013, at par and accrued interest to the date fixed for redemption.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2005 ENERGY CONSERVATION BONDS
JUNE 30, 2006

<u>TITLE OF ISSUE</u>	2005 Energy Conservation Improvement Bonds
<u>PURPOSE</u>	For paying the cost of certain energy conservation projects for the facilities and the costs related to the issuance of the bonds.
<u>DATE OF ISSUE</u>	March 1, 2005
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year
<u>AMOUNT OF ISSUE</u>	\$ 400,000
<u>AMOUNT REDEEMED</u>	
Current Year	\$ 75,000
Prior Years	0
	<u>75,000</u>
<u>BALANCE OUTSTANDING - June 30, 2006</u>	<u>\$ 325,000</u>

<u>DUE DATES</u>		<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
			<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1	2006			\$ 5,238	\$ 5,238
May 1	2007	2.900%	\$ 75,000	5,237	80,237
November 1	2007			4,150	4,150
May 1	2008	3.150%	80,000	4,150	84,150
November 1	2008			2,890	2,890
May 1	2009	3.300%	85,000	2,890	87,890
November 1	2009			1,488	1,488
May 1	2010	3.500%	85,000	1,487	86,487
			<u>\$ 325,000</u>	<u>\$ 27,530</u>	<u>\$ 352,530</u>

<u>DENOMINATION</u>	\$5,000 each, or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.
<u>REDEMPTION PRIOR TO MATURITY</u>	Bonds of this issue are not subject to redemption prior to maturity.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2005 REFUNDING BONDS
JUNE 30, 2006

<u>TITLE OF ISSUE</u>	2005 Refunding Bonds
<u>PURPOSE</u>	To refund a portion of a prior bond issue of the School District and the costs of issuing the bonds.
<u>DATE OF ISSUE</u>	July 6, 2005
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year
<u>AMOUNT OF ISSUE</u>	\$ 7,190,000
<u>AMOUNT REDEEMED</u>	
Current Year	\$ 30,000
Prior Years	0
	30,000
<u>BALANCE OUTSTANDING - June 30, 2006</u>	\$ 7,160,000

<u>DUE DATES</u>		<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
			<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1	2006			\$ 151,574	\$ 151,574
May 1	2007	3.500%	\$ 30,000	151,574	181,574
November 1	2007			151,049	151,049
May 1	2008	3.500%	30,000	151,049	181,049
November 1	2008			150,524	150,524
May 1	2009	3.500%	35,000	150,524	185,524
November 1	2009			149,911	149,911
May 1	2010	3.500%	35,000	149,912	184,912
November 1	2010			149,299	149,299
May 1	2011	3.500%	35,000	149,299	184,299
November 1	2011			148,686	148,686
May 1	2012	5.000%	385,000	148,687	533,687
November 1	2012			139,062	139,062
May 1	2013	5.000%	390,000	139,062	529,062
November 1	2013			129,312	129,312
May 1	2014	5.000%	390,000	129,312	519,312
November 1	2014			119,562	119,562
May 1	2015	5.000%	440,000	119,562	559,562
November 1	2015			108,562	108,562

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2005 REFUNDING BONDS

JUNE 30, 2006

<u>DUE DATES</u>		INTEREST RATES	REQUIREMENTS		
			PRINCIPAL	INTEREST	TOTAL
May 1	2016	4.000%	500,000	108,562	608,562
November 1	2016			98,562	98,562
May 1	2017	4.000%	505,000	98,562	603,562
November 1	2017			88,462	88,462
May 1	2018	3.900%	500,000	88,462	588,462
November 1	2018			78,712	78,712
May 1	2019	3.900%	500,000	78,712	578,712
November 1	2019			68,962	68,962
May 1	2020	4.000%	495,000	68,962	563,962
November 1	2020			59,062	59,062
May 1	2021	4.000%	490,000	59,062	549,062
November 1	2021			49,262	49,262
May 1	2022	4.000%	485,000	49,262	534,262
November 1	2022			39,562	39,562
May 1	2023	4.000%	480,000	39,562	519,562
November 1	2023			29,962	29,962
May 1	2024	4.125%	475,000	29,962	504,962
November 1	2024			20,165	20,165
May 1	2025	4.150%	470,000	20,165	490,165
November 1	2025			10,413	10,413
May 1	2026	4.250%	490,000	10,413	500,413
			<u>\$7,160,000</u>	<u>\$3,881,332</u>	<u>\$ 11,041,332</u>

DENOMINATION

\$5,000 each, or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

REDEMPTION PRIOR TO MATURITY

Bonds, or portions of bonds maturing on or after May 1, 2014, are subject to redemption at the option of the issuer in multiples of \$5,000 in such order as the issuer may determine, by lot within any maturity, on any interest payment date occurring on or after May 1, 2013, at par and accrued interest to the date fixed for redemption.

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

SINGLE AUDIT

JUNE 30, 2006

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

SINGLE AUDIT
YEAR ENDED JUNE 30, 2006

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M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

July 26, 2006

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education
White Cloud Public Schools
White Cloud, Michigan

COMPLIANCE

We have audited the compliance of White Cloud Public Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. White Cloud Public Schools major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of White Cloud Public Schools' management. Our responsibility is to express an opinion on White Cloud Public Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about White Cloud Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on White Cloud Public Schools' compliance with those requirements.

In our opinion, White Cloud Public Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

INTERNAL CONTROL OVER COMPLIANCE

The management of White Cloud Public Schools' is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered White Cloud Public Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of White Cloud Public Schools as of and for the year ended June 30, 2006, and have issued our report thereon dated July 26, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the White Cloud Public Schools basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (DEFERRED) REVENUE JULY 1, 2005	(MEMO ONLY) PRIOR YEAR EXPENDITURES	(A) CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (DEFERRED) REVENUE JUNE 30, 2006	ADJUSTMENTS
U.S. Department of Education								
Passed Through Michigan Department of Education (M.D.E.)								
ESEA Title I - Part A								
Project No. 051530-0506	84.010	\$ 34,762	\$ 0	\$ 0	\$ 34,762	\$ 34,762	\$ 0	\$ 0
Project No. 061530-0506	84.010	438,379	0	0	379,880	288,235	91,645	0
Project No. 051530-0405	84.010	429,385	158,449	438,449	0	149,385	0	(9,064)
Total	84.010	\$ 902,526	\$ 158,449	\$ 438,449	\$ 414,642	\$ 472,382	\$ 91,645	\$ (9,064)
Title V LEA Allocation								
Project No. 040250-0405	84.298	\$ 854	\$ 854	\$ 854	\$ 0	\$ 854	\$ 0	\$ 0
Project No. 050250-0405	84.298	6,516	6,516	6,516	0	6,516	0	0
Project No. 050250-0506	84.298	5,309	0	0	5,309	5,309	0	0
Total	84.298	\$ 12,679	\$ 7,370	\$ 7,370	\$ 5,309	\$ 12,679	\$ 0	\$ 0
Title II D Technology Literacy Challenge								
Project No. 054290-0405	84.318	\$ 8,046	\$ 8,046	\$ 8,046	\$ 0	\$ 8,046	\$ 0	\$ 0
Project No. 054290-0506	84.318	3,750	0	0	3,690	3,690	0	0
Project No. 064290-0506	84.318	3,242	0	0	3,242	3,242	0	0
Total	84.318	\$ 15,038	\$ 8,046	\$ 8,046	\$ 6,932	\$ 14,978	\$ 0	\$ 0
Title II - Improving Teacher Quality								
Project No. 050520-0405	84.367	\$ 109,879	\$ 29,879	\$ 109,879	\$ 0	\$ 29,879	\$ 0	\$ 0
Project No. 040520-0405	84.367	15,209	15,209	15,209	0	15,209	0	0
Project No. 050520-0506	84.367	14,898	0	0	14,400	14,786	(386)	0
Project No. 060520-0506	84.367	122,564	0	0	120,444	87,910	32,534	0
Total	84.367	\$ 262,550	\$ 45,088	\$ 125,088	\$ 134,844	\$ 147,784	\$ 32,148	\$ 0
Total Passed Through M.D.E.		\$ 1,192,793	\$ 218,953	\$ 578,953	\$ 561,727	\$ 647,823	\$ 123,793	\$ (9,064)
Passed Through Newaygo County Intermediate School District (I.S.D.)								
Special Education - Flowthrough - IDEA								
Project No. 050450-0405	84.027	\$ 226,813	\$ 0	\$ 0	\$ 226,813	\$ 226,813	\$ 0	\$ 0
Total U.S. Department of Education		\$ 1,419,606	\$ 218,953	\$ 578,953	\$ 788,540	\$ 874,636	\$ 123,793	\$ (9,064)

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (DEFERRED) REVENUE JULY 1, 2005	(MEMO ONLY) PRIOR YEAR EXPENDITURES	(A) CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (DEFERRED) REVENUE JUNE 30, 2006	ADJUSTMENTS
U.S Department of Agriculture								
Passed Through Michigan Department of Education								
Child Nutrition Cluster								
National School Lunch								
Section 4 - Total Servings - 051950 and 061950	10.555	\$ 34,683	\$ 0	\$ 0	\$ 34,683	\$ 34,683	\$ 0	\$ 0
Section 11 - Total Servings - 051960 and 061960	10.555	222,569	0	0	222,569	222,569	0	0
Snack Program - 051980 and 061980	10.555	2,131	0	0	2,131	2,131	0	0
Total	10.555	\$ 259,383	\$ 0	\$ 0	\$ 259,383	\$ 259,383	\$ 0	\$ 0
National School Lunch - Breakfast								
Breakfast - 051970 and 061970	10.553	\$ 75,613	\$ 0	\$ 0	\$ 75,613	\$ 75,613	\$ 0	\$ 0
Total Child Nutrition Cluster		\$ 334,996	\$ 0	\$ 0	\$ 334,996	\$ 334,996	\$ 0	\$ 0
Food Distribution								
Entitlement Commodities	10.550	\$ 24,919	\$ 0	\$ 0	\$ 24,919	\$ 24,919	\$ 0	\$ 0
Bonus Commodities	10.550	1,950	0	0	1,950	1,950	0	0
Total	10.550	\$ 26,869	\$ 0	\$ 0	\$ 26,869	\$ 26,869	\$ 0	\$ 0
Total Passed Through M.D.E.		\$ 361,865	\$ 0	\$ 0	\$ 361,865	\$ 361,865	\$ 0	\$ 0
Passed Through Newaygo County								
Schools and Roads								
National Forest Land	10.665	\$ 31,877	\$ 0	\$ 0	\$ 31,877	\$ 31,877	\$ 0	\$ 0
Total U.S. Department of Agriculture		\$ 393,742	\$ 0	\$ 0	\$ 393,742	\$ 393,742	\$ 0	\$ 0
U.S. Department of Defense								
Civilian Youth Opportunities (NJROTC)	12.404	\$ 42,469	\$ 0	\$ 0	\$ 42,469	\$ 42,469	\$ 0	\$ 0
U.S. Department of Homeland Security								
Passed Through Michigan State Police, Emergency Management Division								
2003 State Homeland Security Grant Program, Part II Equipment	97.004	\$ 3,608	\$ 0	\$ 0	\$ 3,608	\$ 3,608	\$ 0	\$ 0
Total Federal Financial Assistance		\$ 1,859,425	\$ 218,953	\$ 578,953	\$ 1,228,359	\$ 1,314,455	\$ 123,793	\$ (9,064)
					(B)	(C)		(D)

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(A) Significant Accounting Policies Used in Preparing Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting and presents transactions in the same manner as reflected in the basic financial statements of the school district. The significant accounting policies used are described in footnote (1) to the June 30, 2006, basic financial statements.

(B) Reconciliation of Revenues with Expenditures for Federal Financial Assistance Programs

Revenues from Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balance	\$ <u>1,228,359</u>
 Federal Expenditures per Schedule of Expenditures of Federal Awards	 \$ <u>1,228,359</u>

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(C) Reconciliation of Grant Section Auditor's Report with Schedule of Expenditures of Federal Awards

Management has utilized the Grant Section Auditor's Report (Form R7120) in preparing the Schedule of Expenditures of Federal Awards.

Current Cash Payments per Grant Section Auditor's Report Dated June 30, 2006		\$ 996,800
Add Items Not on Grant Section Auditor's Report:		
Amounts Received as Pass Through from Intermediate School District		
Special Education - Flowthrough - IDEA	\$ 226,813	
Amounts Received as Payments in Kind Food Distribution Program		
Entitlement Commodities	24,919	
Bonus Commodities	1,950	
Amounts Received Through U.S. Department of Defense Civilian Youth Opportunities (NJROTC)	42,469	
Amounts Received Through Newaygo County Schools and Roads – National Forest Land	31,877	
Amounts Received Through U.S. Department of Homeland Security	<u>3,608</u>	331,636
Less Non-Federal Payments Reported on the Grant Section Auditor's Report:		
Non-Program Supplemental School Breakfast Funds Project No. 056320 M-24		<u>(13,981)</u>
Current Year Receipts (Cash Basis) per Schedule of Expenditures of Federal Awards		\$ <u><u>1,314,455</u></u>

(D) Adjustments

The prior year accrued revenue was adjusted down by \$9,064, due to a change in the prior year expenditures relating to that program.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

July 26, 2006

REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education
White Cloud Public Schools
White Cloud, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of White Cloud Public Schools as of and for the year ended June 30, 2006, which collectively comprise the White Cloud Public Schools basic financial statements and have issued our report thereon dated July 26, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered White Cloud Public Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether White Cloud Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Education, management and federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

FINDINGS

None

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

A. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Reportable condition(s) identified: _____ Yes X No

Reportable condition(s) identified as material weakness(es)? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Reportable condition(s) identified: _____ Yes X No

Reportable condition(s) identified as material weakness(es)? _____ Yes X None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555 and 10.553	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes _____ No

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None

134 WEST HARRIS STREET
CADILLAC, MICHIGAN 49601
231-775-9789
FAX: 231-775-9749

M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.

STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

July 26, 2006

To the Board of Education
White Cloud Public Schools
P.O. Box 1003
White Cloud, MI 49349

As a result of our audit of the financial statements of White Cloud Public Schools for the year ended June 30, 2006, we would like to comment on the following items relative to the management and accounting records and procedures of the School District.

Budgeting

The District did a much better job of budgeting this year compared to last year. However, expenditures exceeded appropriations in the Food Service Fund and the Athletic Activities Fund. We recommend that the District continue to adopt, monitor and amend budgets as necessary to be in compliance with accounting principles generally accepted in the United States of America.

Athletic Activities Fund Records

The Athletic Activities Fund records were not completely integrated with the District's accounting software this year. We recommend that the District maintain a complete, computerized general ledger in 2006-2007. Currently, the Athletic Activities Fund records are maintained on a manual set of books, then journal entried into the computer system. This is an area where the school can increase efficiency and accuracy for next year by implementing changes to how the Athletic Activities Fund records are maintained.

Athletic Activities Internal Controls

During our test of gate receipts this year, it was noted that the controls that were missing last year are now functioning for each event we tested this year. We commend the District in following up on our comment from last year.

Financial Information Database (FID)

The State of Michigan's Financial Information Database (FID) System has replaced the Form B report by requiring District's to submit their financial information electronically to the State using the State's new Chart of Accounts. The school is responsible for ensuring its' compliance with the State's new Chart of Accounts. The State has indicated it will accept FID transmittals using the State Chart through Change Notice Number 12 or 13 (School's choice).

Interfund Borrowings

At year end the records reflected differences between funds as to amounts owed to and from individual funds. We recommend that these balances be reconciled and paid on a monthly basis to zero these amounts out.

Condition of Accounting Records

At the time of the audit, the records were in much better condition than the previous year. While there is still room for improvement, a significant amount of progress was made during the year. We commend the business manager for a job well done.

We wish to take this opportunity to thank the Board for awarding this firm the audit assignment of the District, and to the administration and staff for their assistance in helping us complete this audit assignment. If you have any questions relative to the preceding comments and recommendations or any other area of concern, please feel free to contact us.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.